



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 E. Greene St.
Carlsbad, NM 88220-6292



In Reply Refer To:
LC-030143B
3162.4 (P0220)

MAR 30 2009

XTO Energy, Inc
Attention: Ann E. Ritchie, Regulatory Agent
200 N. Loraine St. S
Midland, TX 79702

Dear Ms. Ritchie:

We are returning your unapproved Application for Permit to Drill (APD) for the Wacky Vac 25 Federal #1 well, located 1510'S & 1980'W, Section 25, T.16S., R. 34E, dated 11/24/08. Forty- five days have elapsed since our letter to you, dated 12/02/08 requesting information needed to complete the APD. This information has not yet been received.

Sincerely,

For Don Peterson

Assistant Field Manager
Lands & Minerals

Enclosures

BLM-CARLSBAD FIELD OFFICE

Form 3160-3
(August 2007)

Split Estate

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

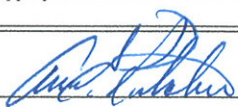
APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NMNM 120362
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator XTO ENERGY, INC. 5380		7. If Unit or CA Agreement, Name and No.
3a. Address 200 N. Loraine St., Suite 800 Midland, TX 79701	3b. Phone No. (include area code) 432 684-6381/620-6749	8. Lease Name and Well No. Wacky Vac 25 Federal, Well #1
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1510' FSL & 1980' FWL (K) At proposed prod. zone same		9. API Well No. 30 025
14. Distance in miles and direction from nearest town or post office* 8 miles West of Lovington		10. Field and Pool, or Exploratory Vacuum;Atoka;Morrow, N (Gas)
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1510'	16. No. of acres in lease 320	11. Sec., T. R. M. or Blk. and Survey or Area Section 25, T16S, R34E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft.	19. Proposed Depth 13,300'	12. County or Parish Lea
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 4044'	22. Approximate date work will start* 12/26/2008	13. State NM
17. Spacing Unit dedicated to this well 320		
20. BLM/BIA Bond No. on file 104312570 BLM UTB000138		
23. Estimated duration 45 days		

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature 	Name (Printed/Typed) Ann E. Ritchie	Date 11/18/2008
Title Regulatory Agent		
Approved by (Signature)	Name (Printed/Typed)	Date
Title	Office	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

WITHDRAWN

PRIVATE SURFACE OWNER AGREEMENT

OPERATOR: XTO ENERGY INC
200 N. LORAIN ST., STE. 800, MIDLAND, TX, 79701

WELL NAME: WACKY VAC 25 FEDERAL #1

SECTION: 25 TOWNSHIP: T16S RANGE: R34E

LOCATION: 1980' FWL 1510' FSL

COUNTY: LEA STATE: NEW MEXICO

LEASE NUMBER: NMNM 120362

STATEMENT OF SURFACE USE

The surface to the subject land is owned by:

EIDSON RANCH TRUST, PO BOX 1286, LOVINGTON, NM 88260
C/O: ARZELL SELLERS

The surface owner has been contacted regarding the drilling of the subject well, and an agreement for surface use has been negotiated.

CERTIFICATION: I hereby certify that the statements made in this statement are to the best of my knowledge, true and correct.

 12-2-08

Signature

NAME: DON EUBANK

DATE: 12/02/2008

TITLE: DRILLING MANAGER

To expedite your Application to Drill please fax the completed form to the
Bureau of Land Management (505) 234-5927 or (505) 885-9264
Attention: Legal Instruments Examiner
620 E. Green Street
Carlsbad, NM 88220

The original document with signature should be mailed as soon as possible. Thank you for your cooperation.

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE
620 E. GREENE STREET
CARLSBAD, NM 88220

STATEMENT ACCEPTING RESPONSIBILITY FOR OPERATIONS

Operator Name: XTO ENERGY INC
Street or Box: 200 N. Loraine St., Ste. 800
City, State: Midland, TX
Zip Code: 79701

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below:

Lease No: NM NM 120362

Legal Description of Land: Wacky Vac 25 Federal #1

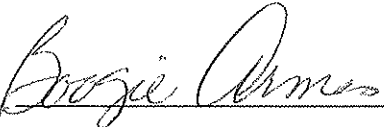
UL: K Section: 25 Township: 16 South Range: 34 West

County: Lea State: New Mexico

Bond Coverage: \$1,184,600.00

Statewide Oil and Gas Surety Bond, XTO ENERGY INC.

BLM Bond File No.: 104312570

Signature:  Printed Name: Boogie Armes

Title: Sr. Drilling Superintendent

Date: _____

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 86800	Pool Name Vacuum; Atoka; Morrow, N (Gas)
Property Code 36950	Property Name WACKYVAC 25 FEDERAL	Well Number 1
OGRID No. 5380	Operator Name XTO ENERGY	Elevation 4044'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	25	16-S	34-E		1510	SOUTH	1980	WEST	LEA

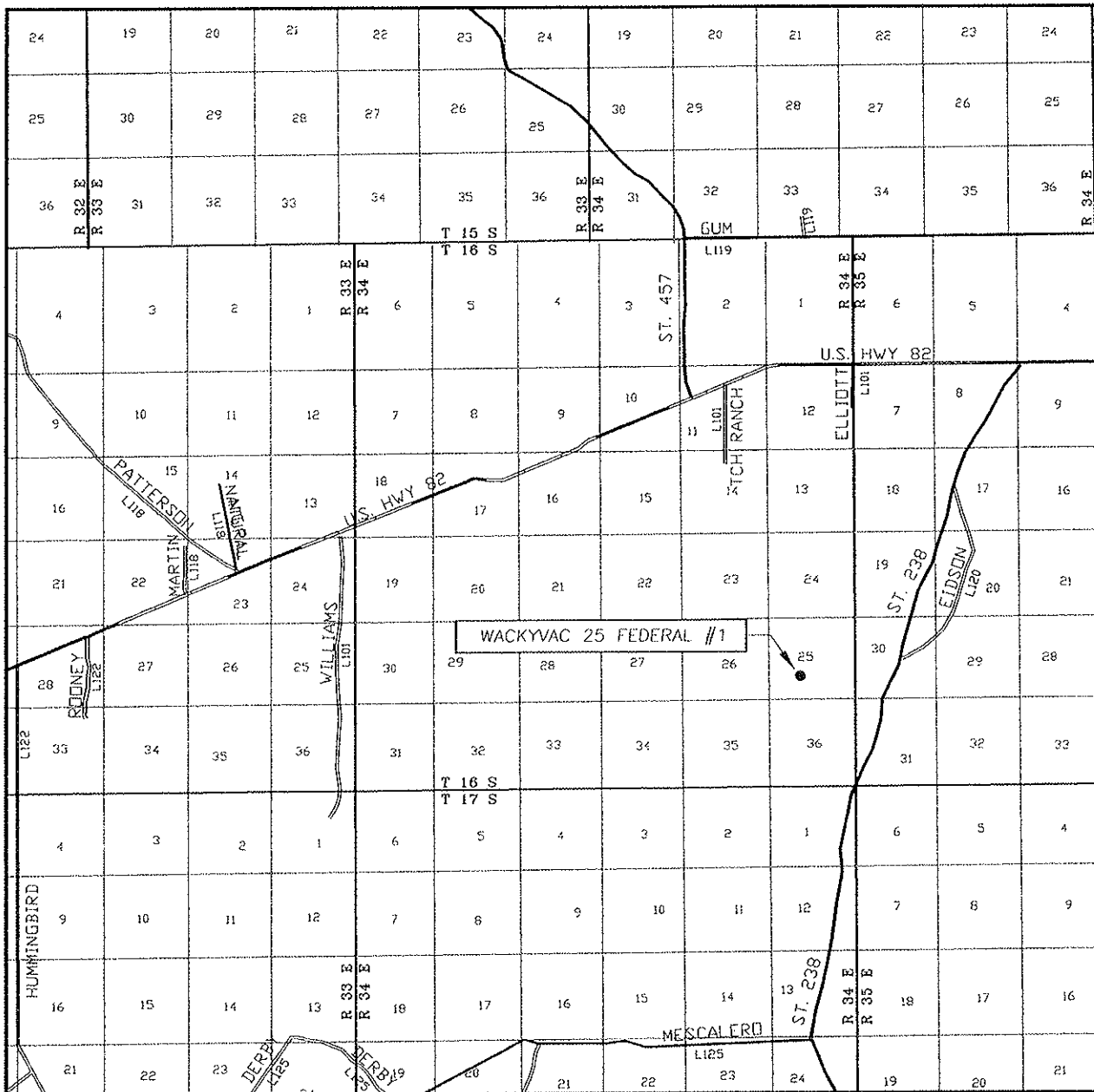
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

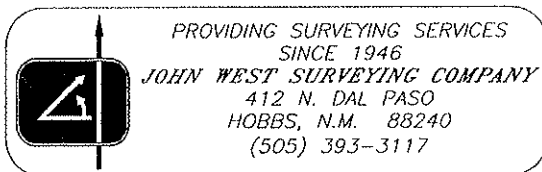
<p>GEODETIC COORDINATES NAD 27 NME Y=688471.4 N X=750933.7 E LAT.=32.890016° N LONG.=103.515873° W</p> <p>4044.8' 4043.2' 600' 4044.3' 4041.9' 1510' 1980'</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Sorinah Flores</i> 11/11/08 Signature Date Sorinah Flores Printed Name</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>OCTOBER 23, 2008 Date Surveyed JC Signature & Seal of Professional Surveyor <i>Ronald J. Eidson</i> 10/24/08 Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239</p>
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VICINITY MAP

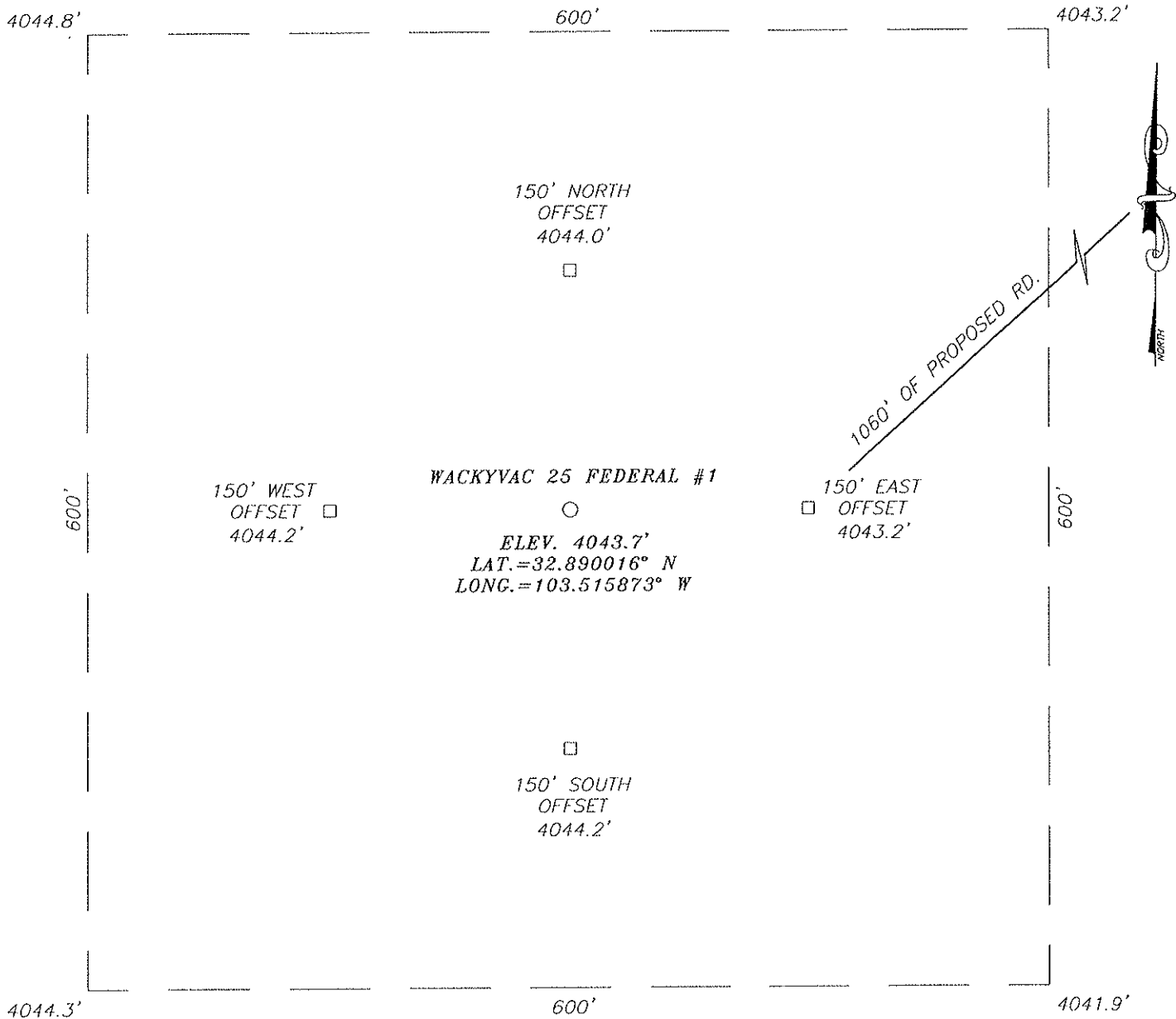


SCALE: 1" = 2 MILES

SEC. 25 TWP. 16-S RGE. 34-E
 SURVEY N.M.P.M.
 COUNTY LEA STATE NEW MEXICO
 DESCRIPTION 1510' FSL & 1980' FWL
 ELEVATION 4044'
 OPERATOR XTO ENERGY
 LEASE WACKYVAC 25 FEDERAL

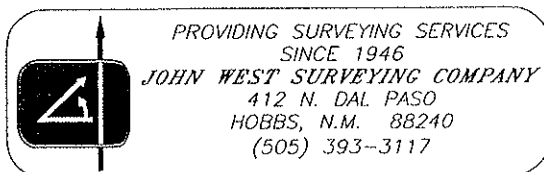
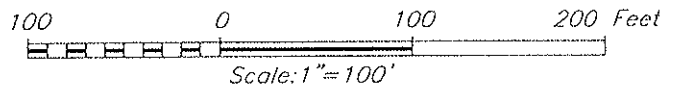


SECTION 25, TOWNSHIP 16 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF CO. RD. L125
(MASCALERO RD.) AND ST. HWY. #238, GO NORTH
ON ST. HWY. #238 FOR APPROX. 4.2 MILES. TURN
LEFT AND GO WEST APPROX. 0.4 MILES. TURN
RIGHT AT A TRAIL ROAD AND GO NORTHWEST
APPROX. 0.5 MILES TO A PROPOSED ROAD SURVEY.
FOLLOW ROAD SURVEY SOUTHWEST APPROX. 1060
FEET OR 0.2 MILES TO THIS LOCATION.



XTO ENERGY			
WACKYVAC 25 FEDERAL #1 WELL LOCATED 1510 FEET FROM THE SOUTH LINE AND 1980 FEET FROM THE WEST LINE OF SECTION 25, TOWNSHIP 16 SOUTH, RANGE 34 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.			
Survey Date: 10/23/08	Sheet 1 of 1 Sheets		
W.O. Number: 08.11.1878	Dr By: JC	Rev 1: N/A	
Date: 10/24/08		08111878	Scale: 1"=100'



WACKYVAC 25 FED #1

Drilling Prognosis

September 19, 2008

Surface Location: 660' FSL & 1980' FWL of Sec 25, T16S, 34E

Lea County, NM

D&C AFE # 807365

XTO ID # 115448

Drilling Permit # 30-025-3

API # 30-025-3

Projected TD 13,300'

XTO Energy, Inc.

Vendor Listing

Well Name & Number:	WackyVac 25 Fed #1		
Drilling Contractor:	McVay #5		
	Rig Phone	575-441-2250	505-397-3311 office
Toolpushers:	Marco Garcia	575-602-8378	
	Jimmy Feltman	575-370-8585	
Rig Superintendent:	Buddy Crouch	505-631-0353	
Drilling Consultants:	Bob Johnson	432-557-5655	
Directions to well:	See plat		

Services	Company/Person	Location	Telephone
Dirt Contractor	Sweatt Construction	Artesia, NM <i>575</i>	505-631-7366
Pit Lining, Water Line	All American Pit Liner Alvin Powell	Midland, TX	432-238-4479
Fresh/Brine Water	Pate	Hobbs, NM <i>575</i>	505-397-6264
Mud Logger (on at $\pm 3000'$)	Suttles		432-687-3148
Drilling Mud/Chemicals	Nova	Hobbs, NM	800-530-8786
Super Choke, Separator, other	Swaco	Odessa	432-550-2944
Cementing Services	HES	Hobbs, NM	800-416-6081
Float Equipment	Weatherford Oil Tool	Hobbs, NM	575-391-9811
Casing Crews	Lewis Casing Crews	Odessa, TX	800-732-5423 432-366-8077
Downhole Motors	Scientific	Odessa	432-563-1339
Supplies & Thread Dope	Wilson Supply	Artesia, NM <i>575</i>	505-746-3100
Open Hole Logging Company	Halliburton	Midland, TX	432-682-4305
H ₂ S Equipment	Indian Fire & Safety	Hobbs, NM <i>575</i>	505-393-3093
Wellhead Equipment	Wood Group		432-368-0661
Casing/Materials/Wellhead	Sandy Brazil	Midland, TX	432-620-4310 office 432-853-5675 cellular
Casing Inspection Services	Art's Inspection Service	Odessa, TX	432-556-3879 cellular 432-560-5700 beeper
Portable Toilet & Trash Trailer	BOS Services	Denver City, TX	806-759-9277

XTO Personnel	Title	Cell #	Office #	Home #
Don Eubank	Drilling Manager	432-664-8593	432-620-6718	
Boogie Armes	Drilling Superintendent	432-556-7403	432-620-6739	806-894-8073 432-218-7141
Bob Chance	Drilling Superintendent	432-296-3926	432-620-4321	
Chip Amrock	Drilling Engineer	432-638-8372	432-620-4323	
Cody Grasmick	Drilling Engineer	432-238-0053	432-620-4328	
Ralph Nelson	Geologist	432-528-7777	817-885-3440	
Jeff Grasmick	Material Coordinator	432-638-4620	432-620-6738	432-697-4731
Dudley McMinn	Safety Coordinator	432-557-7976	432-620-6713	432-686-9417

XTO ENERGY, INC
WACKYVAC 25 FED #1
Drilling Prognosis

PROJECTED TOTAL DEPTH: 13,300'
GR ELEV: 4037'

OBJECTIVE: Atoka/Morrow
KB ELEV: 4055' est (18' AGL)

Formation	Well Depth
Rustler Anhydrite	1760'
Yates Sand	3010'
Queen	3922'
San Andres Dolomites	4688'
Glorieta	6213'
Tubb	7421'
Abo Pay	8799'
Wolfcamp	9820'
Base of 3 Bros.	10525'
Strawn	11826'
Atoka	12117'
Atoka Lime	12684'
Morrow Sand	12929'
Chester	13087'
TD	13300'

***** Hydrocarbon @ Morrow Sand.**

1. Consultant should preview location prior to rig MOB and confirm location is correctly laid out and that dimensions meet operational needs.
2. Notify ~~NM-OCD~~ ^{BLM} of intent to spud, note date, time, and person contacted on daily report. Read permits and conditions of spud carefully to ensure all regulatory obligations are satisfied. Hobbs District 505-393-6161 '575' might be new AC
see COA
3. Tubular requirement notifications should be made to Sandy Brazil (Jeff Grasmick is a secondary option) in a timely fashion (+/- 2 days notice).

Surface Hole

1. Spud well with 17-1/2" tri-cone tooth bit. (Fresh water/native mud.)

see COA →

Interval	Hole Size	Mud Type	MW (ppg)	Viscosity (sec/qt)	Fluid Loss (cc)
0' to 400'	17-1/2"	FW/Native	8.6-9.0	32-36	NC

2. Strap the 13-3/8" NEW casing on location. Clean and visually inspect casing ends after casing is loaded on pipe racks.

Interval	Length	Size	Wt	Grade	Cplg	Coll (psi)	Burst (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	Cost \$/ft
0' to 400'	400'	13-3/8"	48#	H-40	STC	740	1,730	322	12.715	12.559	\$29.94

Capacity for 13-3/8" NEW 48# casing is **0.8817 ft³/ft** or **0.1570 bbls/ft**

- see COA →
3. Have water for cementing analyzed for acceptability and pilot test the cement blends with the water for compatibility, providing test results to the Midland office.
 4. Drill a 17-1/2" hole to ± 400'. Drill the hole to match casing strap. TOO H and prepare to run surface casing. **Use good shaker screens to keep solids low and MW down.**
 5. RU and run 13-3/8" NEW casing as follows: **Run PDC drillable float eqt.**
 - a. Texas Pattern Guide Shoe
 - b. One joint 13-3/8", 48#, H-40, STC casing
 - c. Insert Float Collar
 - d. 13-3/8", NEW, 48#, H-40, STC casing to surface
 - Thread lock the bottom two joints of casing. Use No-Metal Wilson/Sefco EPI Modified thread compound on the remaining connections, thread compound available from Wilson Supply in Sundown, Texas.
 - Torque casing connections to the optimum value of **3220 ft-lbs** for the 48#, H-40 STC casing (maximum torque value is 4030 ft-lbs, and the minimum torque value is 2420 ft-lbs).
 - Run 6 bow spring centralizers, placing two on the shoe joint, then every other collar to surface.
 - Have a casing swedge on the floor to wash the casing down if necessary.
- see COA →

6. With casing on bottom, circulate a minimum of one bottoms up. RU HES Services and cement the 13-3/8" casing.

Lead: 190 sacks of Lite Prem Plus cement containing 3% salt, 0.125 pps Poly E flake

(mixed @ 12.9 ppg, 1.84 ft³/sk, and 9.89 gal wtr/sk) Cmt top – surface Compr Strength - 12 hr – 272 psi 24 hr 513 psi

Tail: 235 sacks of Prem Plus cement containing 1% CaCl₂

(mixed @ 14.8 ppg, 1.34 ft³/sk, and 6.36 gal wtr/sk). Cmt top – 200' Compr Strengthb – 12 hr – 680 psi 24 hr – 1080 psi

- a. Pump 20 bbls of water ahead of cement.
- b. Mix and pump the cement at 6-8 BPM. Catch wet and dry samples throughout job, sending dry samples to Midland if a problem arises.
- c. Drop the plug and displace the cement with fresh water. **DO NOT OVERDISPLACE.**
- d. If cement does not circulate, notify the ~~NMOCD~~ ^{BLM} and prepare for a top job.

- see COA → 7. **WOC for a minimum of four hours**, check samples to ensure cement has set and has sufficient strength to support casing. Cut the casing off and install the starting head.

- see COA * → 8. Install BOP stack, 13-5/8" 3M Hydril only – use flange or spool to space out. Use cold water and test BOPE to 250 psig low and ~~1000~~ psig high. Record all tests on the IADC tour report, and note on the XTO drilling report. Inspect accumulator closing unit to ensure that precharge pressures and oil levels are within API specifications, report same on IADC tour report.

- see COA → 9. **WOC for a total of twelve hours before drilling out.** Prior to drilling out, pressure test the casing to ~~250/600~~ psig and record on IADC report. Make sure that we can pump through all surface kill lines.

10. Drill out with 12-1/4" **PDC** bit and drill using weight and rotary rpm conducive to good drilling practices. Maximum allowable inclination will be 3° below surface casing. Operate pipe rams daily and blind rams on trips. Audit the rig for water usage to ensure waste water is minimal.

Intermediate Hole

- see COA
1. Drill out from under 13-3/8" surface casing with fresh water. Use paper for sweeps, seepage control, and to reduce wall cake build up. Convert to brine at approximately 17-1800' using a flocculant to facilitate the dropping out of solids in the reserve pit. Add clean brine as needed to keep weight and solids as low as possible. Use fibrous materials as needed to control seepage and lost circulation. Pump high viscosity sweeps as needed for hole cleaning. At 50' before intermediate casing point mix 50 sacks of starch to lower fluid loss to 30 - 20 cc. **See Nova Mud's discussion, talk with Drlg Supt, see what hole conditions are and treat accordingly.**
 2. Drill a 12-1/4" hole to \pm 4800' (or into the top of the San Andres). Drill the hole to match casing strap.

see COA

Interval	Hole Size	Mud Type	MW (ppg)	Viscosity (sec/qt)	Fluid Loss (cc)
400' to 1800'	12-1/4"	FW/Native	8.4-8.8	31-34	NC
1800' to 4800'	12-1/4"	Brine	9.8-10.1	31-34	NC-20cc

3. Check with Midland office for final cement blend to be used. Have cementer's pilot test the cement blends with the water to be used for compatibility, providing test results to the Midland office.
4. **RU Suttles Mudlogger @ 3000'.** Catch 10' samples from 4800' to 13,100' (TD). Send 1 set of dry samples to Midland Sample Library
5. After casing is delivered and loaded on pipe racks, clean the threads and visually inspect the ends. Drift casing to API specifications.

Interval	Length	Size	Wt	Grade	Cplg	Coll (psi)	Burst (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	Cost \$/ft
0' to 3200'	3200'	9-5/8"	36#	J-55	STC	2020	3520	394	8.921	8.765	\$21.10
3200' to 4200'	1000'	9-5/8"	40#	J-55	LTC	2570	3950	452	8.835	8.75	\$23.48
4200' to 4800'	600'	9-5/8"	40#	HCK-55	LTC	4230	3950	604	8.835	8.75	\$29.44

Capacity of 9-5/8" NEW 40# casing is **0.4257 ft³/ft** or **0.0758 bbls/ft**
 Capacity of 9-5/8" NEW 36# casing is **0.4340 ft³/ft** or **0.0773 bbls/ft**

6. At \pm 4800', circulate and condition the hole for casing. TOOH and prepare to run casing.

7. RU casing crew and run the 9-5/8" NEW intermediate casing as follows:

- a. 9-5/8" Weatherford Float Shoe
 - b. One joint of 9-5/8", **40#, HCK-55**, LTC casing
 - c. 9-5/8" Weatherford Float Collar
 - d. 9-5/8", **40#, HCK-55**, LTC casing to $\pm 4200'$
 - e. 9-5/8", **40#, J-55**, LTC casing to $\pm 3200'$
 - f. 9-5/8", **36#, J-55**, STC casing to surface
- Thread lock all float equipment. Use Non-Metal API thread compound on the remaining connections.
 - Optimum makeup torque for 36#, J-55, STC casing is **3940 ft-lbs** (Min – 2960 ft-lbs, Max – 4930 ft-lbs).
Optimum makeup torque for 40#, J-55, LTC casing is **5200 ft-lbs** (Min – 3900 ft-lbs, Max – 6500 ft-lbs).
Optimum makeup torque for 40#, HCK-55, LTC casing is **6940 ft-lbs** (Min – 5210 ft-lbs, Max – 8680 ft-lbs).

Interval	# of Jts (approx)	Turbolators	Turbolizers	Centralizers
4800 - 4714'	2	0	4 – 2/jt	0
4714' - surface	109	0	0	27 – 1 per 6 th jt

8. RU the cementing head, allowing enough chicksan to reciprocate the casing with at least a 20' stroke. Circulate the hole while reciprocating casing (circulate a minimum of one full circulation).
9. RU HES Services and cement the 9-5/8" intermediate casing in two stages. Catch wet and dry samples during the job. Cement volumes based on offset wells, but may need to run fluid caliper.

Stage 1: Lead: 1450 sacks of Interfill "C" cement containing 0.3% Econolite, .125 pps Poly E flake
(mixed 11.9 ppg, 2.47 ft³/sk, 14.30 gal wtr/sk) Cmt top – surface
Compr Strength - 12 hr – 448 psi 24 hr – 570 psi

Tail: 250 sacks of PremPlus cement containing 0.3% Halad-9
(mixed at 14.8 ppg, 1.33 ft³/sk, 6.32 gal wtr/sk). Cmt top - 4300'
Compr Strength – 12 hr – 1299 psi 24 hr – 1850 psi

10. Drop the plug and displace the second slurry with fresh water. Land the casing and NU 11" 5M BOPE & Swaco super choke and separator. Test BOPE & choke to 250 psi Low – 5,000 psi High on all rams, test to 2500 psi on Hydril. Test casing to 1500 psi.

✱

Production Hole

1. Drill out from under intermediate casing with a **6-3/4" Low Speed/High Torque motor and 8-3/4" bit (Smith F 47 / Ultrerra Z 47 type)**. Maintain vertical hole < 3 deg (Minimize Sliding). Watch closely for build tendencies in this hole section.
2. Drill a 8-3/4" hole to $\pm 13,300'$.
3. Drill out from intermediate with FW, maintaining a 9.0 to 9.5 pH with Lime. Use paper for seepage control and for sweeps. **See Nova Mud's discussion and keep in contact with Drlg Supt. Once we get below 11,000' and closer to 12,200', pressure and lost circ are big concerns.**

Interval	Hole Size	Mud Type	MW (ppg)	Viscosity (sec/qt)	Fluid Loss (cc)
4800' to 10,000'	8-3/4"	FW/Polymer Sweeps	8.4-8.6	28-29	NC
10,000' – 10,500'		Cut Brine/Brine	10.0	29	NC
10,500' – 12,000'		Weighted Brine w LCM	10.0 – 11.0	38 - 40	12 – 10cc
12,000' – 12,500'		As above	11.0 – 11.3	40 - 46	10 – 8cc
12,500' – 13,300'		As above	10.5 – 10.0	42 - 45	8 – 6cc

4. Check with Midland office for final cement blend to be used. Have cementer's pilot test the cement blends with the water to be used for compatibility, providing test results to the Midland office.
5. After 5-1/2" NEW casing is delivered and loaded on pipe racks, clean the threads and visually inspect the ends. Drift casing to API specifications.

Interval	Length	Size	Wt	Grade	Cplg	Coll (psi)	Burst (psi)	Jt Str (M-lbs)	ID (in)	Drift (in)	Cost \$/ft
Surf to 13,300'	13,300'	5-1/2"	17#	HCP-110	LTC	8580	10640	445	4.892	4.767	\$15.65

Capacity of 5-1/2" NEW 17# casing is **0.0232 bbls/ft**

6. At TD, circulate and condition the hole for logs. TOO H with bit, and log well w Halliburton as per procedure. Have the logging engineer notify Ralph Nelson when loggers arrive. Leave one set of Field Prints at XTO's field Production office.



- GR/Cal/CNT/SPED/DLL/BHC Sonic logs from TD to intermediate casing point.
- GR/NPHI pulled to surface.
- FMI depth determined by geologist.

7. TIH after logging, circulate and condition the hole for casing until shakers are clean. TOOH and lay down drill string.
8. RU casing crew and run the 5-1/2" NEW production casing as follows: DV tools & ECP's will be determined based on well conditions/lost circulation.
 - a. 5-1/2" Weatherford Float Shoe
 - b. One joint of 5-1/2", 17#, HCP-110, LTC casing
 - c. 5-1/2" Weatherford Float Collar
 - d. 5-1/2", 17#, HCP-110, LTC casing
 - e. **DV Tool @ 8,000'**
 - f. 5-1/2", 17#, HCP-110, LTC casing to surface
 - Optimum make-up torque for 17#, HCP-110, LTC casing is **4620 ft-lbs** (min is 3470 ft-lbs, max is 5780 ft-lbs).
 - Thread lock all float equipment. Use Non-Metal API thread compound on the remaining connections.

Interval	# of Jts (approx)	Turbolators	Turbolizers	Centralizers
13100 – 13014'	2		4 - 2/jt	0
13014 - 12300	17	0	17	0
12300 - 9800	58	0	19 – 1 per 3 rd jt	0
9800 - 8700	26	0	26	0
8700 - 4000	109			18 – 1 per 6 th jt

9. RU the cementing head, allowing enough chicksan to reciprocate the casing with at least a 20' stroke. Circulate the hole while reciprocating casing (circulate a minimum of one full circulation).
10. RU HES Services and cement the 5-1/2" production casing in two stages. Pump 20 bbls of Mud Flush ahead of the cement. Pump and displace the cement at as high a rate as possible. Catch wet and dry samples throughout the job.

Stage 1: Lead: 700 sacks of Interfill 'H' + 0.3% Econolite + 0.4% HR-601
(mixed at 11.9 ppg, 2.49 ft³/sk, 14.51 gal wtr/sk) Cmt top – 8000'
Compr Strength - 12 hr - 61 psi 24 hr – 190 psi

Tail: 400 sacks of Premium + 0.5% Halad-344 + 0.3% CFR-3 + 0.6%
HR-7, (15.6 ppg, 1.20 ft³/sk, 5.30 gal wtr/sx) Cmt top – 12100' Compr
Strength - 12 hr – 1270 psi 24 hr – 1683 psi

- a. Displace cement fresh water and mud. Open Dv tool and circ 5 hrs.

Stage 2: Lead: 400 sacks of Premium Lite + 0.5% Halad-9 + 8% salt + .125 pps
Poly E flake + 0.2% HR-7
(mixed at 12.4 ppg, 2.21 ft³/sk, 12.43 gal wtr/sk) Cmt top – 3800'
Compr Strength - 12 hr – 73 psi 24 hr 208 psi

Tail: 100 sacks of Premium + 0.3% Halad-3
(mixed at 15.6 ppg, 1.19 ft³/sk, 5.37 gal wtr/sk). Cmt top – 7500' Compr
Strength - 12 hr – 1059 psi 24 hr 1704 psi

- a. Wash pumps and Displace the cement with clean fresh water
- b. SWI and RD cementers.

11. Set the slips, NU wellhead, jet pits, and Release Rig.

Additional Information

WELLHEAD (Wood Group Pressure Control):

- a. Starting Head: 13-5/8" 3M X 13-3/8" SOW bottom (to be removed upon running 9-5/8" csg)
- b. Casing Hanger: 11" 5M X 9-5/8" SOW with pack off
- c. Tubing Head: 11" 5M X 7-1/16" 10M

PRESSURE CONTROL EQUIPMENT

BOP: CASE III

Type: Hydril Working Pressure: 2500 Test Pressure: 2500 Manufacture: Schaeffer
Type: Double Ram Working Pressure: 2500 Test Pressure: 2500 Manufacture: Schaeffer

TESTING, LOGGING & CORING

- a. Mud logger: Suttles Mud Logging @ 3000'. Catch 10' samples from 4800' to 13,100' (TD). Send 1 set of dry samples to Midland Sample Library
- b. At TD, circulate and condition the hole for logs. TOO H with bit, and log well w/ Halliburton as per procedure. Have the logging engineer notify Ralph Nelson when loggers arrive. Leave one set of Field Prints at XTO's field Production office.
- c. GR/Cal/CNT/SPED/DLL/BHC Sonic logs from TD to intermediate casing point. GR/NPHI pulled to surface. FMI depth determined by geologist.

*Replaced 12/09/08
per email from
Serina Flores.
CK*

DRILLING HAZARDS:

- a. Lost circulation and pressure as we approach the Atoka. If it is necessary to weight up, LCM will need to be added to the system to prevent losses in shallower zones.

PRESSURES and TEMPERATURES

* None anticipated. Maximum bottom hole pressure should not exceed 2500 psi. BHT of 175 F is anticipated. H₂S can be present from 4600 – TD. Should these circumstances be encountered the operator and drilling contractor are prepared to take all necessary steps to ensure safety of all personnel and environment.

SPECIAL INSTRUCTIONS:

- a. Deviation:
Surface Hole: Maximum of 1° and not more than 1° change per 100'.
Intermediate Hole: Maximum of 3° and not more than 1.5° change per 100'.
Production Hole: Maximum of 5° and not more than 1.5° change per 100'.

* b. Check BOP blind rams each trip and pipe rams each day. Strap out of hole for logs.
- c. A trash trailer will be provided on location. Keep trash picked up and the location as clean as possible. All drilling line, oil filters, etc. should be hauled away at the Drilling Contractor's expense. At the conclusion of drilling operations, the contents of the trash trailer will be disposed of into a commercial sanitary landfill.

XTO Energy, Inc.

Vendor Listing

Well Name & Number:	WackyVac 25 Fed #1		
Drilling Contractor:	McVay #5 Rig Phone 575-441-2250 505-397-3311 office		
Toolpushers:	Marco Garcia 575-602-8378 Jimmy Feltman 575-370-8585		
Rig Superintendent:	Buddy Crouch 505-631-0353		
Drilling Consultants:	Bob Johnson 432-557-5655		
Directions to well:	See plat		

Services	Company/Person	Location	Telephone
Dirt Contractor	Sweatt / Jeff Raines	Artesia, NM	505-631-7366
Pit Lining, Water Line	All American Pit Liner Alvin Powell	Midland, TX	432-238-4479
Fresh/Brine Water	Pate	Hobbs, NM	505-397-6264
Mud Logger (on at ±3000')	Suttles		432-687-3148
Drilling Mud/Chemicals	Nova	Hobbs, NM	800-530-8786
Super Choke, Separator, other	Swaco	Odessa	432-550-2944
Cementing Services	HES	Hobbs, NM	800-416-6081
Float Equipment	Weatherford Oil Tool	Hobbs, NM	575-391-9811
Casing Crews	Lewis Casing Crews	Odessa, TX	800-732-5423 432-366-8077
Downhole Motors	Scientific	Odessa	432-563-1339
Supplies & Thread Dope	Wilson Supply	Artesia, NM	505-746-3100
Open Hole Logging Company	Halliburton	Midland, TX	432-682-4305
H ₂ S Equipment	Indian Fire & Safety	Hobbs, NM	505-393-3093
Wellhead Equipment	Wood Group		432-368-0661
Casing/Materials/Wellhead	Sandy Brazil	Midland, TX	432-620-4310 office 432-853-5675 cellular
Casing Inspection Services	Art's Inspection Service	Odessa, TX	432-556-3879 cellular 432-560-5700 beeper
Portable Toilet & Trash Trailer	BOS Services	Denver City, TX	806-759-9277

XTO Personnel	Title	Cell #	Office #	Home #
Don Eubank	Drilling Manager	432-664-8593	432-620-6718	
Boogie Armes	Drilling Superintendent	432-556-7403	432-620-6739	806-894-8073 432-218-7141
Bob Chance	Drilling Superintendent	432-296-3926	432-620-4321	
Chip Amrock	Drilling Engineer	432-638-8372	432-620-4323	
Cody Grasmick	Drilling Engineer	432-238-0053	432-620-4328	
Ralph Nelson	Geologist	432-528-7777	817-885-3440	
Jeff Grasmick	Material Coordinator	432-638-4620	432-620-6738	432-697-4731
Dudley McMinn	Safety Coordinator	432-557-7976	432-620-6713	432-686-9417



**DESIGN PLAN, OPERATING & MAINTENANCE PLAN, & CLOSURE PLAN
FOR OCD FOR C-144**

WACKYVAC 25 FED #1

DESIGN PLAN

Fluid & cuttings coming from drilling operations will pass over the Shale Shaker with the cuttings going to the CRI haul off bin and the cleaned fluid returning to the working steel pits.

Equipment includes:

- 2 – 500 bbl steel tanks (fresh) & 3 – frac tanks (brine)
- 3 – steel working pits, 1100 bbl system
- 3 – 20 cu yards steel haul off bins (calc'd cutting is 346 cu yards)
- 2 – Pumps – PZ9
- 1 – Shale shaker
- 1 – Desander – desilter (if needed)
- 1 – Mud cleaner (if needed)
- 1 – Centrifuge (if needed)

OPERATING AND MAINTENANCE PLAN

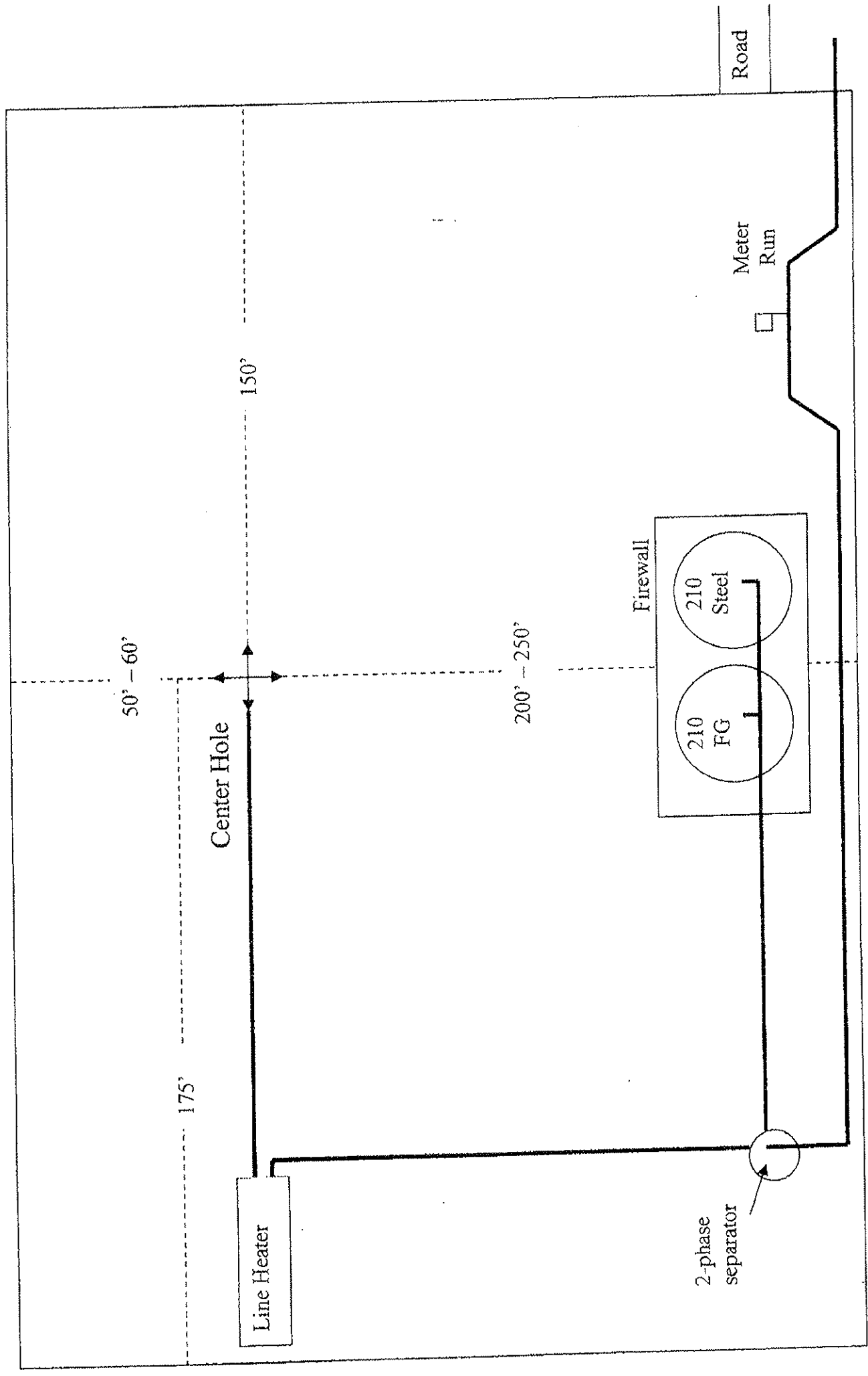
Inspection to occur every tour for proper operation of system and individual components. If any problems are found they will be repaired and/or corrected immediately.

CLOSURE PLAN

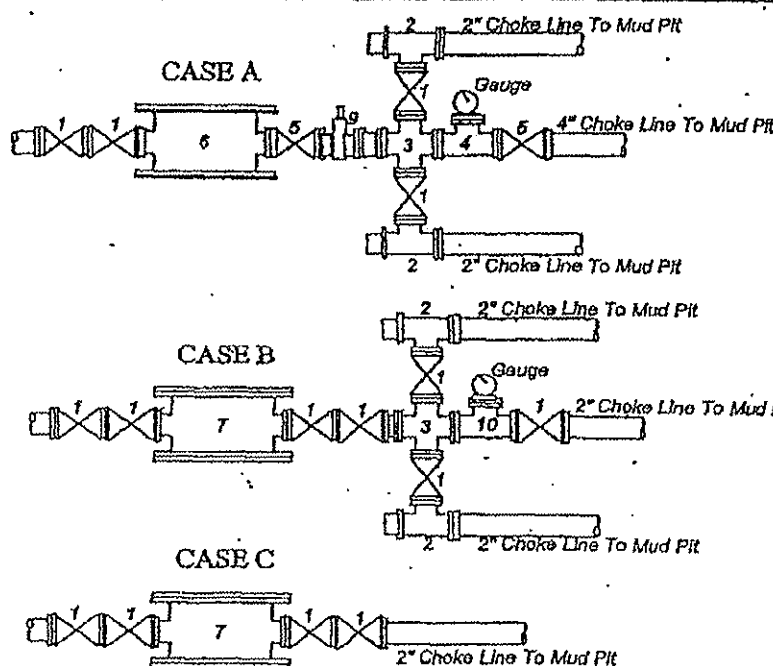
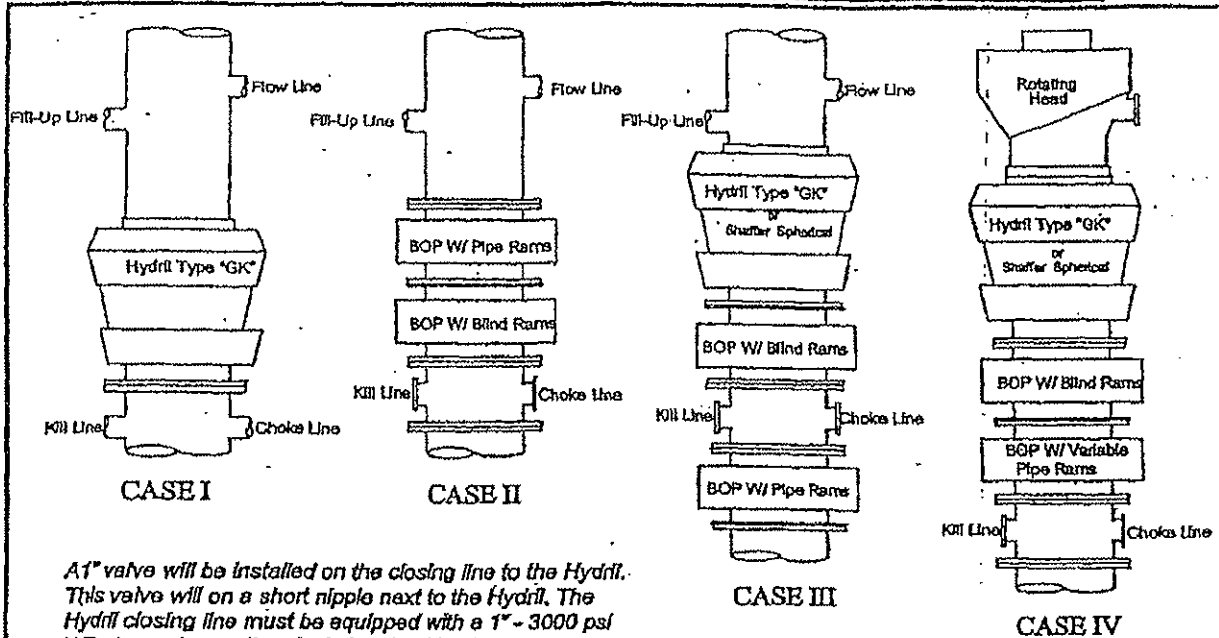
All haul bins containing cuttings will be removed from location and hauled to Controlled Recovery, Inc's (#R9166) disposal site located near mile marker 66 on Highway 62/180.

Chip Amrock
Sr. Drilling Engineer

Wellsite Layout



MINIMUM BLOWOUT PREVENTER REQUIREMENTS



BOP SIZE	BOP CASE	WORKING PRESSURE	CHOKE CASE
13-5/8"	IV	5000	A

*Rotating head required

Bradenhead furnished by Conoco will be:
 Mfr: Wood Group
 Description: 13-3/8" x 13-5/8" 3M
 Type: SQW

Legend

- 2" flanged all steel valve must be either Cameron "F", Halliburton Low Torque or Shafter Flo-Seal.
- 2" flanged adjustable chokes, mfr. 1" full opening & equipped with hard trim.
- 4" x 2" flanged steel cross.
- 4" flanged steel tee.
- 4" flanged all steel valve (Type as in no. 1).
- Drilling Spool with 2" x 4" flanged outlet
- Drilling Spool with 2" x 2" flanged outlet.
- 2" x 2" flanged steel cross.
- 4" pressure operated gate valve.
- 2" flanged steel tee.

Notes

Choke manifold may be located in any convenient position. Use all steel fittings throughout. Make 90° turns with bull plugged tees only. No field welding will be permitted on any of the components of the choke manifold and related equipment upstream of the chokes. The choke spool and all lines and fittings must be at least equivalent to the test pressure of the preventers required. Independent closing control unit with clearly marked controls to be located on derrick floor near driller's position.

Wacky Vac 25 Fed #1
Lea County, NM APD



November 20, 2008

Sorina Flores
XTO Energy Inc.
200 N. Loraine St., Ste. 800
Midland, TX 79701
432-620-6749
sorina_flores@xtoenergy.com

Bureau of Land Management
620 E. Greene
Carlsbad, NM 88220
575-887-6544

Dear Sirs:

XTO Energy Inc. does not anticipate encountering H₂S while drilling the Nash #39H located in Section 12, T23S, R29E, in Eddy County, New Mexico. As a precaution, I have attached an H₂S contingency plan along with a gas analysis of our well stream. If you need anything further, please contact me at the telephone number or email listed above.

Thank you,

A handwritten signature in black ink, appearing to read 'Sorina Flores', is written over a horizontal line.

Sorina Flores
Drilling Tech.



HYDROGEN SULFIDE (H₂S) CONTINGENCY PLAN

Assumed 100 ppm ROE = 3000'

100 ppm H₂S concentration shall trigger activation of this plan.

Emergency Procedures

In the event of a release of gas containing H₂S, the first responder(s) must

- Isolate the area and prevent entry by other persons into the 100 ppm ROE.
- Evacuate any public places encompassed by the 100 ppm ROE.
- Be equipped with H₂S monitors and air packs in order to control the release.
- Use the "buddy system" to ensure no injuries occur during the response
- Take precautions to avoid personal injury during this operation.
- Contact operator and/or local officials to aid in operation. See list of phone numbers attached.
- Have received training in the
 - o Detection of H₂S, and
 - o Measures for protection against the gas,
 - o Equipment used for protection and emergency response.

Ignition of Gas source

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO₂). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever this is an ignition of the gas.

Characteristics of H₂S and SO₂

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentration
Hydrogen Sulfide	H₂S	1.189 Air =1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO₂	2.21 Air =1	2 ppm	N/A	1000 ppm

Contacting Authorities

XTO Energy Inc's personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available including directions to site. The following call list of essential and potential responders has been prepared for use during a release.

(Operator Name)'s response must be in coordination with the State of New Mexico's "Hazardous Materials Emergency Response Plan" (HMER).

EUNICE OFFICE – EDDY & LEA COUNTIES

EMSU @ Oil Center, NM, 8/10ths mile west of Hwy 8 on Hwy 175
Eunice, NM

575-394-2089

XTO ENERGY INC PERSONNEL:

Boogie Armes, Sr. Drilling Superintendent	432-556-7403
Bob Chance, Drilling Superintendent	432-296-3926
Chip Amrock, Sr. Drilling Engineer	432-638-8372
Jeff Raines, Construction Foreman	432-557-3159
Dudley McMinn, EH & S Manager	432-557-7976
Rick Wilson, Production Foreman	575-441-1147
Jerry Parker, Buckeye Production Foreman	575-441-1628
David Paschal, Eunice Monument Production Foreman	575-390-7167
Gene Hudson, Maintenance Foreman	575-441-1634
Guy Haykus, Production Superintendent	575-634-5677

SHERIFF DEPARTMENTS:

Eddy County	575-887-7551
Lea County	575-396-3611

NEW MEXICO STATE POLICE:

575-392-5588

FIRE DEPARTMENTS:

	911
Carlsbad	575-885-2111
Eunice	575-394-2111
Hobbs	575-397-9308
Jal	575-395-2221
Lovington	575-396-2359

HOSPITALS:

	911
Carlsbad Medical Emergency	575-885-2111
Eunice Medical Emergency	575-394-2112
Hobbs Medical Emergency	575-397-9308
Jal Medical Emergency	575-395-2221
Lovington Medical Emergency	575-396-2359

AGENT NOTIFICATIONS:

Bureau of Land Management	575-393-3612
New Mexico Oil Conservation Division	575-393-6161
Mosaic Potash - Carlsbad	575-887-2871

CONTRACTORS:

ABC Rental – Light Towers	575-394-3155
Bulldog Services – Trucking/Forklift	575-391-8543
Champion – Chemical	575-393-7726
Indian Fire & Safety	575-393-3093
Key – Dirt Contractor	575-393-3180
Key Tools – Light Towers	575-393-2415
Sweatt – Dirt Contractor	575-397-4541
RWI – Contract Gang	575-393-5305

Surface Use Plan
(Additional data for form 3160-3)

XTO Energy, Inc.
Wacky Vac 25 Federal, Well #1
SL (K) 1510' FSL & 1980' FWL
Lea County, NM
NMNM 120362

1. EXISTING ROADS –

The road log to the location is as follows:

From the intersection of Co. Rd. L125 (Mascalero Rd.) and St. Hwy. #238, go north on St. Hwy #238 for approx 4.2 miles. Turn left and go west approx 0.4 miles. Turn right at a trail road and go NW approx 0.5 miles to a proposed road survey. Follow road survey SW approx 1060' or 0.2 miles to this location. All roads will be maintained in a condition equal to or better than current conditions. Any new roads will be constructed to BLM specifications.

2. PLANNED ACCESS ROAD —Approximately 1060' of new W to NE access road will be built from the existing E-NW lease road. All lease roads will be graded in compliance with BLM standards and made a uniform width of 20', including shoulders.

3. LOCATION OF EXISTING WELLS – This will be the first well on lease. Water wells: None known; Disposal wells: none known; Drilling wells: none known. Producing Wells: Closest well more than one mile. Abandoned wells: none known

4. LOCATION OF EXISTING OR PROPOSED FACILITIES – In the event this well is productive we will install new production facilities and install gas metering as per all BLM stipulations. Permanent tanks and gas measurement meter(s) will be utilized for this well as per BLM specifications.

5. LOCATION AND TYPE OF WATER SUPPLY - All water (fresh or otherwise) needed for the drilling and completion of this well will be purchased from a commercial source and trucked to the location via the existing and proposed access road. No water source wells will be drilled, and no surface water will be utilized.

6. SOURCE OF CONSTRUCTION MATERIALS - Construction material (caliche) required for the access road and well site pad will be obtained on location, if available, or from an approved pit. No surface materials will be disturbed except those necessary for actual grading and construction of the drill site and access road.

7. METHODS FOR HANDLING WASTE DISPOSAL .

Closed Loop System. Waste Material will be stored then hauled to a state approved disposal facility. Drilling fluids will be contained in steel pits, fluids will be cleaned & reused. Water produced during testing will be contained in steel pits and disposal at a state approved facility. Any oil or condensate will be stored in test tanks until sold & hauled from site.

- Receptacles for solid wastes (paper, plastic, etc) will be provided and equipped to prevent scattering by wind, animals, etc. This waste will be hauled to an approved landfill site. Salts remaining after completion will be picked up by supplier including broken sacks.
- Any other waste generated by the drilling, completion, testing of this well will be through a closed loop system.
- A Porta-John will be provided for the crews. This will be properly maintained during the drilling operations and removed upon completion of the well, and cleaned out periodically.

8. ANCILLARY FACILITIES -Upon completion, and/or testing of this well rental tanks, facilities will be utilized until permanent storage is established. No camps or airstrips will be constructed.

9. WELLSITE LAYOUT -Enclosed, please see "Drilling Rig Layout"

10. PLANS FOR SURFACE RESTORATION .Reclamation of the surface location will be in accordance with the requirements set forth by the BLM. As stated earlier all waste generated by this operation will be disposed of in an approved manner, and the site restored as closely as possible to its pre-operation appearance. The topsoil at the wellsite & access road is light/medium brown colored fine sand. Due to the topography of the area no problems are anticipated in achieving this status and no erosion or other detrimental effects are expected as a result of this operation.

The vegetation at the wellsite is a sparse grass cover of three-awn, grama, bluestem, dropseed, burrograss, muhly and misc. native grasses. Plants are sparse mesquite, yucca, sage, shinnery oak brush, broomweed, and cacti w/misc. weeds. The wildlife consists of rabbits, coyotes, rattlesnakes, lizards, dove and quail all typical of the semi-arid desert land. There are no ponds or streams. No dwelling with 1.5 miles of location.

Arc Survey and Notice of Staking have been submitted to Bureau of Land Management.

11. OTHER INFORMATION .The surface ownership of the drill site and the access routes are under the control/ownership of: *Bob Eidson Ranch Trust, C/O Arzell Sellers, PO Box 1286, Lovington, NM 88260, 575-369-6529*. Surface letter statement attached. Drilling contractor: Pending.

Revised 12-4-08
#11 page 2
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7. METHODS FOR HANDLING WASTE DISPOSAL .

Closed Loop System. Waste Material will be stored then hauled to a state approved disposal facility. Drilling fluids will be contained in steel pits, fluids will be cleaned & reused. Water produced during testing will be contained in steel pits and disposal at a state approved facility. Any oil or condensate will be stored in test tanks until sold & hauled from site.

- Receptacles for solid wastes (paper, plastic, etc) will be provided and equipped to prevent scattering by wind, animals, etc. This waste will be hauled to an approved landfill site. Salts remaining after completion will be picked up by supplier including broken sacks.

- Any other waste generated by the drilling, completion, testing of this well will be through a closed loop system.

- A Porta-John will be provided for the crews. This will be properly maintained during the drilling operations and removed upon completion of the well, and cleaned out periodically.

8. ANCILLARY FACILITIES -Upon completion, and/or testing of this well rental tanks, facilities will be utilized until permanent storage is established. No camps or airstrips will be constructed.

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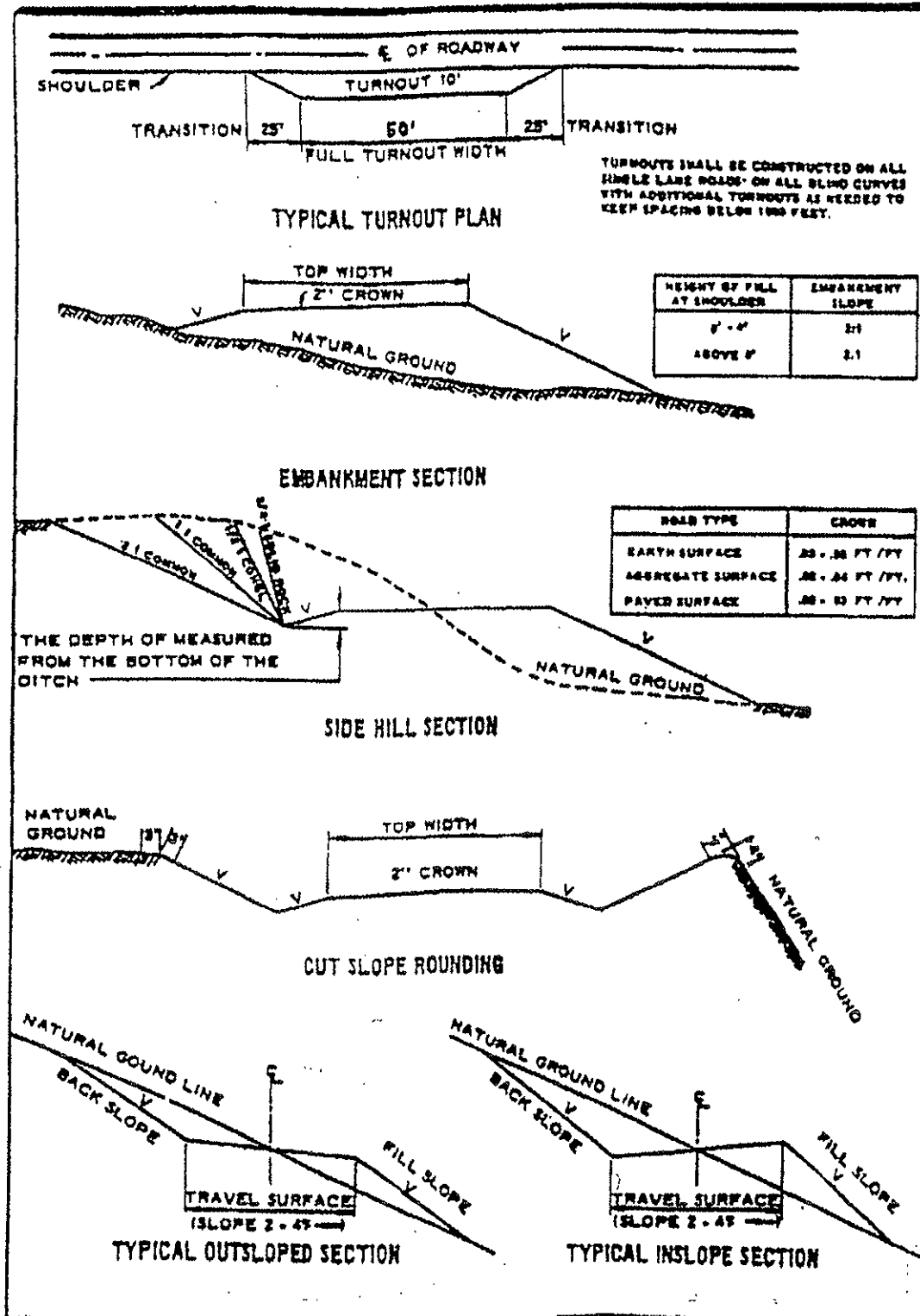
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7. METHODS FOR HANDLING WASTE DISPOSAL –
- Closed Loop System. Waste Material will be stored then hauled to a state approved disposal facility. Drilling fluids will be contained in steel pits, fluids will be cleaned & reused. Water produced during testing will be contained in steel pits and disposal at a state approved facility. Any oil or condensate will be stored in test tanks until sold & hauled from site.
 - Receptacles for solid wastes (paper, plastic, etc) will be provided and equipped to prevent scattering by wind, animals, etc. This waste will be hauled to an approved landfill site. Salts remaining after completion will be picked up by supplier including broken sacks.
 - Any other waste generated by the drilling, completion, testing of this well will be through a closed loop system.
 - A Porta-John will be provided for the crews. This will be properly maintained during the drilling operations and removed upon completion of the well, and cleaned out periodically.
8. ANCILLARY FACILITIES – Upon completion, and/or testing of this well rental tanks, facilities will be utilized until permanent storage is established. No camps or airstrips will be constructed.
9. WELLSITE LAYOUT – Enclosed, please see “Drilling Rig Layout”
10. PLANS FOR SURFACE RESTORATION - Reclamation of the surface location will be in accordance with the requirements set forth by the BLM. As stated earlier all waste generated by this operation will be disposed of in an approved manner, and the site restored as closely as possible to its pre-operation appearance. The topsoil at the wellsite & access road is light/medium brown colored fine sand. Due to the topography of the area no problems are anticipated in achieving this status and no erosion or other detrimental effects are expected as a result of this operation.
- The vegetation at the wellsite is a sparse grass cover of three-awn, grama, bluestem, dropseed, burrograss, muhly and misc. native grasses. Plants are sparse mesquite, yucca, sage, shinnery oak brush, broomweed, and cacti w/misc. weeds. The wildlife consists of rabbits, coyotes, rattlesnakes, lizards, dove and quail all typical of the semi-arid desert land. There are no ponds or streams. No dwelling with 1.5 miles of location.
- Arc Survey and Notice of Staking have been submitted to Bureau of Land Management.
11. OTHER INFORMATION - The surface ownership of the drill site and the access routes are under the control/ownership of: Bureau of Land Management, 620 E. Greene St., Carlsbad, NM 88220, 505-887-6544. Barry Hunt w/the BLM can be reached @ the BLM number or @ 505-361-4078. Surface letter statement attached. Drilling contractor: Pending.

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12/4/08
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Cross Sections and Plans For Typical Road Sections



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE
620 E. GREENE STREET
CARLSBAD, NM 88220

OPERATOR CERTIFICATION

I HEARBY CERTIFY THAT I, OR SOMEONE UNDER MY DIRECT SUPERVISION, HAVE INSPECTED THE DRILL SITE AND ACCESS ROUTE PROPOSED HEREIN; THAT I AM FAMILIAR WITH THE CONDITIONS WHICH CURRENTLY EXIST; THAT I HAVE FULL KNOWLEDGE OF STATE AND FEDERAL laws applicable to this operation; that the statements made in the APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 18 day of November, 2008

Well: Wacky Vac 25 Federal #1, Sec. 25, T16S, R34E, Lea Co., NM

Operator Name: XTO ENERGY INC

Signature:  Printed Name: Don Eubank

Title: Drilling Manager Date: _____

Email (optional): don_eubank@xtoenergy.com

Street or Box: 200 N. Loraine St., Ste. 800

City, State, Zip Code: Midland, TX 79701

Telephone: 432-682-8873

Field Representative (if not above signatory): _____

Address (if different from above): _____

Telephone (if different from above): _____

Email (optional): _____

Agents not directly employed by the operator must submit a letter from the operator authorizing that the agent to act or file this application on their behalf.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144 CLEZ
July 21, 2008

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOCD District Office.

Closed-Loop System Permit or Closure Plan Application

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: ☒ Permit ☐ Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1. Operator: XTO ENERGY INC OGRID #: 5380
Address: 200 N. LORAIN ST., STE. 800, MIDLAND TEXAS 79703
Facility or well name: WACKY VAC 25 FEDERAL #1
API Number: _____ OCD Permit Number: _____
U/L or Qtr/Qtr K Section 25 Township 16S Range 34E County: LEA
Center of Proposed Design: Latitude N 32.890016 Longitude W 103.515873 NAD: ☒ 1927 ☐ 1983
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2. ☒ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
Operation: ☒ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) ☐ P&A
☐ Above Ground Steel Tanks or ☐ Haul-off Bins


3. **Signs:** Subsection C of 19.15.17.11 NMAC
☒ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
☐ Signed in compliance with 19.15.3.103 NMAC

4. **Closed-loop Systems Permit Application Attachment Checklist:** Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.
☐ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
☒ Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
☐ Previously Approved Design (attach copy of design) API Number: _____
☐ Previously Approved Operating and Maintenance Plan API Number: _____

5. **Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:** (19.15.17.13.D NMAC)
Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.
Disposal Facility Name: CONTROLLED RECOVERY INC Disposal Facility Permit Number: R9166
Disposal Facility Name: _____ Disposal Facility Permit Number: _____
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?
☐ Yes (If yes, please provide the information below) ☒ No
Required for impacted areas which will not be used for future service and operations:
☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

6. **Operator Application Certification:**

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): SORINA L. FLORES Title: DRILLING TECH.
Signature:  Date: NOVEMBER 12, 2008
e-mail address: sorina_flores@xtoenergy.com Telephone: 432-620-6749

7. **OCD Approval:** ☐ Permit Application (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature: _____ Approval Date: _____
Title: _____ OCD Permit Number: _____

8. **Closure Report (required within 60 days of closure completion):** Subsection K of 19.15.17.13 NMAC

Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.

☐ Closure Completion Date: _____

9. **Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**

Instructions: Please indentify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.

Disposal Facility Name: _____ Disposal Facility Permit Number: _____
Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?
☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

Required for impacted areas which will not be used for future service and operations:

- ☐ Site Reclamation (Photo Documentation)
☐ Soil Backfilling and Cover Installation
☐ Re-vegetation Application Rates and Seeding Technique

10. **Operator Closure Certification:**

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): _____ Title: _____
Signature: _____ Date: _____
e-mail address: _____ Telephone: _____

Carlsbad Field Office NEPA Checklist

Thursday, December 04, 2008

EA	NEPA #:	NM-520-2009-206	Project Type:	GAS WELL AND ROAD	Recd Date:
Reference Number:	NM120362	Project Name:	1-WACKY VAC 25 FEDERAL	Routing Started:	12/03/2008
Project Lead:	BAD BEAR, TRISHIA	Applicant:	XTO ENERGY INC	Review Due:	
Status:	COMPLETE	<input checked="" type="checkbox"/> NEPA Coordinator Initial Review	<input checked="" type="checkbox"/> NEPA Coordinator Final Review		

Resource/Activity	Not Present	Not Impacted	**May be Impacted	Reviewer	COA's/Stips Req	Sign Off Date
Wastes, Hazardous or Solid*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Bad Bear, Trishia	<input type="checkbox"/>	12/03/2008
Public Health and Safety	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Environmental Justice*	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Bad Bear, Trishia	<input type="checkbox"/>	12/03/2008
General Topography/Surface Geology	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Prime or Unique Farmlands*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
Lands/Realty, ROW	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Bad Bear, Trishia	<input type="checkbox"/>	12/03/2008
Access/Transportation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Vegetation/Forestry	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Bad Bear, Trishia	<input type="checkbox"/>	12/03/2008
Livestock Grazing	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Invasive, Non-Native Species*	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Soils	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Bad Bear, Trishia	<input type="checkbox"/>	12/03/2008
Air Quality*	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Floodplains*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Bad Bear, Trishia	<input type="checkbox"/>	12/03/2008
Water Quality Surface/Ground*	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Watershed	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Mineral Materials	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Bad Bear, Trishia	<input type="checkbox"/>	12/03/2008
Potash	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Bad Bear, Trishia	<input type="checkbox"/>	12/03/2008
Federally Proposed, Threatened or Endangered Species*	<input checked="" type="checkbox"/>	<input type="checkbox"/>		Chopp, John	<input checked="" type="checkbox"/>	12/04/2008
USFWS Concurrence						
Wetlands/Riparian Zones*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
Special Status Species	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
Wildlife Habitat	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Cave/Karst Resources	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Bad Bear, Trishia	<input type="checkbox"/>	12/03/2008
ACEC's*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Bad Bear, Trishia	<input type="checkbox"/>	12/03/2008
Wild/Scenic Rivers*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Bad Bear, Trishia	<input type="checkbox"/>	12/03/2008
Wilderness*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
Outdoor Recreation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Visual Resources	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Native American Religious Concerns*	Unk	Unk	Unk	Stein, Martin 09-162	<input type="checkbox"/>	12/04/2008
Cultural Resources*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
Paleontology	Unk	Unk	Unk			

* "Critical Element" --- must be addressed in all NEPA documents

** "Affected Element" ---must be addressed in the attached EA

Reason for Delay:

*1 May affect T&E, Not likely to be Adversely Affected

*2 May affect T&E, likely to be Adversely Affected

ENVIRONMENTAL ASSESSMENT
BLM Office: Carlsbad Field Office

DOI-BLM-NM-0520-2009-0206-EA

Lease #: NM-120362

XTO Energy, Inc

Wacky Vac 25 Federal #1

1. Purpose and Need for Action

- 1.1 The XTO Energy, Inc has applied for a permit to drill a gas well and construct an access road. The location for the proposed well is:

1510 FSL & 1980 FWL, Section 25 T. 16 S., R. 34 E.

- 1.2 The need for this proposed action is for further development of a federal oil and gas lease.
- 1.3 The Carlsbad Resource Management Plan and 1997 Amendment has been reviewed, and it has been determined that the proposed action conforms with the land use plan terms and conditions as required by 43 CFR 1610.5.
- 1.4 The Carlsbad Field Office utilizes a resource conflict map that was prepared by an interdisciplinary team showing areas of concern. These areas of concern include Special Management Areas (SMA's), Threatened and Endangered (T&E) Habitat, known locations of Threatened and Endangered (T&E) species, areas with other Special Status species, Wildlife Habitat projects, Riparian/Wetland habitat, 100-year floodplains, etc. The conflict map is reviewed, and the author of the EA signs off the projects shown to be outside of the areas of concern. The projects, which occur in the areas of concern depicted on the map, are reviewed and signed off only by the resource specialist with the expertise for that area.

The critical elements subject to requirements specified in statute, regulation, or executive order listed below are either not present or not affected by the proposed action or alternative.

Areas of Critical Environmental Concern (ACEC's)

Air Quality

Floodplains

Hazardous/Solid Wastes

Native American Religious Concerns

Prime/Unique Farmlands

Special Status Species

Water Quality

Wild & Scenic Rivers

Wilderness

Wetlands/Riparian

- 1.5 **Legal requirements or considerations**
All State and Federal requirements have been met.

2. Alternatives Including the Proposed Action

2.1 Description of Proposed Action

The XTO Energy, Inc proposes to construct a gas well location with a 320 x 290 ft. caliche pad and will be utilizing a closed-loop mud system. An access road of 1060 x 15 ft. will be constructed to access the location. The project will result in 3.0 acres disturbed.

NOTE: The location was moved 850 ft. to the north due to playa.

If the well is productive there could be a need for gas pipelines, tank batteries, electric lines and salt water disposal pipelines, and there could be an increase in applications to drill in adjacent acreage.

Mitigation Measures: The mitigation measures include the Pecos District Conditions of Approval and the standard stipulations for permanent resource roads. The well pad and any collection facilities that are needed will be bermed to contain any spills that may occur.

2.2 Description of Alternatives

Alternative A: No Action (Reject Application)

Mitigation Measures: None

3. Affected Environment

This section is a discussion, by relevant resources, of the current condition of the affected environment.

Location: The proposed project is located approximately 8 miles west of Lovington, NM. The regional industries are ranching and oil and gas development. The land ownership of the affected lands is fee surface and federal minerals.

3.1 Air Quality

Air quality is generally considered excellent. During the spring, strong winds occasionally cause dust storms, which are the primary cause of air pollution in the project area. Particulates from nearby oil and gas production, agriculture burning and ambient dust effect air quality. More information about the area climate may be found in the *Soil Survey: Lea Area, New Mexico*.

3.2 Range

The proposed action is on privately owned land by:
Edison Ranch Trust c/o Arzell Sellers
P.O. Box 1286
Lovington, NM 88260

3.3 **Soil**

The location is situated in a level area with a loamy soil type.

3.4 **Vegetation**

The existing vegetation consists of grasses.

3.5 **Visual Resource Management (VRM)**

The public lands contained within and adjacent to the proposed APD are designated VRM Class IV. The objective of this class is to provide for management activities that require major modifications of the existing character of the landscape. The level of change to the characteristic landscape can be high. The change to the landscape is dominant, but mitigated.

3.6 **Wildlife Habitat**

The wildlife habitat in the area supports populations of ungulates (primarily mule deer), carnivores, small mammals, reptiles, upland birds and raptors. Population composition and numbers vary with suitability of habitat.

Migratory Birds

Executive order #13186 titled "Responsibilities of Federal Agencies to Protect Migratory Birds" signed 1/10/01 requires that the BLM evaluate the effects of federal actions on migratory birds. A migratory bird inventory has not been completed for this area. Common migratory birds which may use the area as habitat include various species of song birds, owls, ravens, hawks, finches, doves, thrashers, and meadow larks.

3.7 **Alkali Lakes and Playas**

A playa is a small, ephemeral lake or pond sporadically filled by rainfall. Playas are formed where water collects in a shallow bowl, usually roundish to oval in shape, held by an impermeable soil layer located slightly below the surface. Playas develop in different ways depending on details of soil types and thicknesses, frequency of rainfall, size of the playa recharge area, depth of the underlying impermeable soil layer, etc. Where the water-holding layer is very close to the surface and/or there is no loam, playas normally form as very shallow bowls covered with a thin layer of barren, saline or alkaline earths. If the impermeable layer is deeper and the soils are loamy, playas are covered with increased and varied vegetation, thus creating xeric-riparian areas. A xeric-riparian area is a region where water is present sporadically, for brief periods seasonally, or held in shallow subsurface reservoirs away from animals, but available to vegetation. These areas provide drinking water only occasionally, but the improved plant life supplies increased food and nesting opportunities. While no single playa plays a critical role in maintenance of wildlife populations, in total they form a quite large and significant resource for increasing both numbers and diversity of regional plant and animal communities.

3.8 Cultural

The project falls within the Southeastern New Mexico Archaeological Region. This region contains the following cultural/temporal periods: Paleoindian (ca. 12,000-8,000 B.C.), Archaic (ca. 8000 B.C. –A.D. 950), Ceramic (ca. A.D. 600-1540) Protohistoric and Spanish Colonial (ca. A.D. 1400-1821), and Mexican and American Historical (ca. A.D. 1822 to early 20th century). Sites representing any or all of these periods are known to occur within the region. A more complete discussion can be found in *Living on the Land: 11,000 Years of Human Adaptation in Southeastern New Mexico An Overview of Cultural Resources in the Roswell District*, Bureau of Land Management published in 1989 by the U.S. Department of the Interior, Bureau of Land Management. A cultural resource inventory shall be conducted of the area of effect for the proposed project prior to any ground disturbing activities.

4. Environmental Impacts or Consequences

This section is a discussion, by relevant resources, of the potential impacts of each alternative. The discussion includes direct, indirect, cumulative and residual impacts after mitigation actions have been applied.

4.1 Air Quality

Proposed Action: Air quality will be affected by increased dust during construction and from vehicles traveling to and from the location. In addition, various odors will be produced. These could include diesel fumes, hydrogen sulfide gas and chemical odors in association with drilling. Although these impacts will fall within limits set by the National Ambient Air Quality Standards, the affects will be felt on and around the location.

Alternative A: Alternative A would have no impact.

4.2 Range

Proposed Action: The resulting loss of vegetation will not affect the Animal Unit Months (AUMs) authorized for livestock use in this area. There are occasional livestock injuries or deaths due to accidents such as collisions with vehicles, falling into mud pits or other excavations and ingesting plastic or other materials present at the work site. If further development occurs, the resulting loss of vegetation could reduce the AUMs authorized for livestock use in this area.

Alternatives A: Alternative A would have no effect.

4.3 Soil

Proposed Action: There is a potential for soil erosion due to the highly erosive nature of sandy areas that are exposed. There is always the potential for soil contamination around production facilities due to spills of salt water and/or hydrocarbons. If further development occurs this could result in increased soil erosion and soil contamination from surface spills.

Alternative A: Alternative A would have no effect.

4.4 **Vegetation**

Proposed Action: Vegetation will be removed when the well pad and access road are constructed. This impact will be permanent as long as the well is productive. When the well is plugged and abandoned, the area will potentially re-vegetate in 4-5 years, depending on timely rainfall. If further development occurs this could result in increased vegetation depletion.

Alternative A: Alternative A would have no effect.

4.5 **Visual Resource Management (VRM)**

Proposed Action: If further development occurs this could result in increased visual impacts due to pads, roads, power poles, ROW cuts and production facilities.

Alternative A: Alternative A would have no effect.

4.6 **Wildlife**

Proposed Action: The severity of impacts depends on the sensitivity of the species affected, the nature of the environmental disruption, habitat characteristics, and the availability and condition of alternative habitat. The species present in this area tend to vacate traditional habitats under continued and increasing pressure from petroleum activities. This is probably due to the intensive nature of petroleum production occurring. Under the proposed action, these species may vacate the area for several years and may never reoccupy this habitat again. This will depend on the long-term development in the area and whether suitable habitat exists elsewhere that can support additional animals. If suitable habitat is not available, species populations will likely sustain a decrease, especially if secondary habitat is also under pressure and/or degradation.

Alternative A: Alternative A would have no effect.

4.7 **Alkali Lakes and Playas**

Development of the area and associated slopes could negatively impact playas within the approximate area. Erosion downslope could cause increased sedimentation, and spills of toxic substances could cause contamination of playas. Adherence to the conditions of approval and mitigation measures (Sec. 2.1) is critical for the protection of this resource.

4.8 **Cultural**

A cultural resource inventory was conducted for the area of effect (09-NM-523-162), no Historic Properties were identified.

Alternative A: Alternative A would have no effect.

5. Consultations and Coordination

Prepared by: Trishia C. Bad Bear, Natural Resource Specialist BLM-CFO
Date: 12/03/2008

The following individuals have been consulted regarding the proposed action:

Martin Stein, Archaeologist, BLM-CFO
John A. Chopp, Wildlife Biologist, BLM-CFO

DECISION RECORD (DR)
AND
FINDING OF NO SIGNIFICANT IMPACT (FONSI)
BLM Office: Carlsbad Field Office

DOI-BLM-NM-0520-2009-0206-EA

Lease #: NM-120362

XTO Energy, Inc

Wacky Vac 25 Federal #1

Purpose and Need for Action

The XTO Energy, Inc has applied for a permit to drill a gas well and construct an access road. The location for the proposed well is:

1510 FSL & 1980 FWL, Section 25 T. 16 S., R. 34 E.

Mitigation Measures

It is my decision to implement this action with the mitigation measures listed below: Pecos District Conditions of Approval and Standard Stipulations for Permanent Resource Roads. The well pad and any collection facilities that are needed will be bermed to contain any spills that may occur.

Recommendation and Rationale:

Our analysis has shown with proper mitigation the proposed action would have minimal environmental impacts. The proposed action is consistent with the Carlsbad Resource Area Management Plan and Amendment. Therefore, it is recommended that this application be approved.

Prepared by:



Trishia C. Bad Bear Natural Resource Specialist

12-4-08

Date

Finding of No Significant Impact/Decision Record:

I have reviewed this environmental assessment including the explanation and resolution of any potentially significant environmental impacts. I have determined that the proposed action with the mitigation measures described above will not have any significant impacts on the human environment, no significant impacts to minority or low-income populations or communities have been identified for the proposed action and that an EIS is not required.

Jim Stovall, Field Manager
Carlsbad Field Office, BLM

Date

PECOS DISTRICT CONDITIONS OF APPROVAL

OPERATOR'S NAME:	XTO Energy
LEASE NO.:	NM120362
WELL NAME & NO.:	1 Wacky Vac 25 Federal
SURFACE HOLE FOOTAGE:	1510' FSL & 1980' FWL
BOTTOM HOLE FOOTAGE:	' F L & ' F L
LOCATION:	Section 25, T. 16 S., R 34 E., NMPM
COUNTY:	Lea County, New Mexico

TABLE OF CONTENTS

Standard Conditions of Approval (COA) apply to this APD. If any deviations to these standards exist or special COAs are required, the section with the deviation or requirement will be checked below.

- ☐ **General Provisions**
- ☐ **Permit Expiration**
- ☐ **Archaeology, Paleontology, and Historical Sites**
- ☐ **Noxious Weeds**
- ☒ **Special Requirements**
 - Berming
- ☒ **Construction**
 - Notification
 - Topsoil
 - Reserve Pit – Closed-loop mud system
 - Federal Mineral Material Pits
 - Well Pads
 - Roads
- ☐ **Road Section Diagram**
- ☐ **Drilling**
- ☐ **Production (Post Drilling)**
- ☐ **Reserve Pit Closure/Interim Reclamation**
- ☐ **Final Abandonment/Reclamation**

CANCELLED

I. GENERAL PROVISIONS

The approval of the Application For Permit To Drill (APD) is in compliance with all applicable laws and regulations: 43 Code of Federal Regulations 3160, the lease terms, Onshore Oil and Gas Orders, Notices To Lessees, New Mexico Oil Conservation Division (NMOCD) Rules, National Historical Preservation Act As Amended, and instructions and orders of the Authorized Officer. Any request for a variance shall be submitted to the Authorized Officer on Form 3160-5, Sundry Notices and Report on Wells.

II. PERMIT EXPIRATION

If the permit terminates prior to drilling and drilling cannot be commenced within 60 days after expiration, an operator is required to submit Form 3160-5, Sundry Notices and Reports on Wells, requesting surface reclamation requirements for any surface disturbance. However, if the operator will be able to initiate drilling within 60 days after the expiration of the permit, the operator must have set the conductor pipe in order to allow for an extension of 60 days beyond the expiration date of the APD. (Filing of a Sundry Notice is required for this 60 day extension.)

III. ARCHAEOLOGICAL, PALEONTOLOGY & HISTORICAL SITES

Any cultural and/or paleontological resource discovered by the operator or by any person working on the operator's behalf shall immediately report such findings to the Authorized Officer. The operator is fully accountable for the actions of their contractors and subcontractors. The operator shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery shall be made by the Authorized Officer to determine the appropriate actions that shall be required to prevent the loss of significant cultural or scientific values of the discovery. The operator shall be held responsible for the cost of the proper mitigation measures that the Authorized Officer assesses after consultation with the operator on the evaluation and decisions of the discovery. Any unauthorized collection or disturbance of cultural or paleontological resources may result in a shutdown order by the Authorized Officer.

IV. NOXIOUS WEEDS

The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

V. SPECIAL REQUIREMENT(S)

The well pad and any collection facilities that are needed will be bermed to contain any spills that may occur.

VI. CONSTRUCTION

A. NOTIFICATION

The BLM shall administer compliance and monitor construction of the access road and well pad. Notify the Hobbs Field Station at (505) 393-3612 at least 3 working days prior to commencing construction of the access road and/or well pad.

When construction operations are being conducted on this well, the operator shall have the approved APD and Conditions of Approval (COA) on the well site and they shall be made available upon request by the Authorized Officer.

B. TOPSOIL

There is no measurable soil on this well pad to stockpile. No topsoil stockpile is required.

C. RESERVE PITS

The operator has applied for a closed-loop system. The operator shall properly dispose of drilling contents at an authorized disposal site.

D. FEDERAL MINERAL MATERIALS PIT

If the operator elects to surface the access road and/or well pad, mineral materials extracted during construction of the reserve pit may be used for surfacing the well pad and access road and other facilities on the lease.

Payment shall be made to the BLM prior to removal of any additional federal mineral materials from any site other than the reserve pit. Call the Carlsbad Field Office at (505) 234-5972.

E. WELL PAD SURFACING

Surfacing of the well pad is not required.

If the operator elects to surface the well pad, the surfacing material may be required to be removed at the time of reclamation.

The well pad shall be constructed in a manner which creates the smallest possible surface disturbance, consistent with safety and operational needs.

F. ON LEASE ACCESS ROADS

Road Width

The access road shall have a driving surface that creates the smallest possible surface disturbance and does not exceed fourteen (14) feet in width. The maximum width of surface disturbance, when constructing the access road, shall not exceed thirty (30) feet.

Surfacing

Surfacing material is not required on the new access road driving surface. If the operator elects to surface the new access road or pad, the surfacing material may be required to be removed at the time of reclamation.

Where possible, no improvements should be made on the unsurfaced access road other than to remove vegetation as necessary, road irregularities, safety issues, or to fill low areas that may sustain standing water.

The Authorized Officer reserves the right to require surfacing of any portion of the access road at any time deemed necessary. Surfacing may be required in the event the road deteriorates, erodes, road traffic increases, or it is determined to be beneficial for future field development. The surfacing depth and type of material will be determined at the time of notification.

Crowning

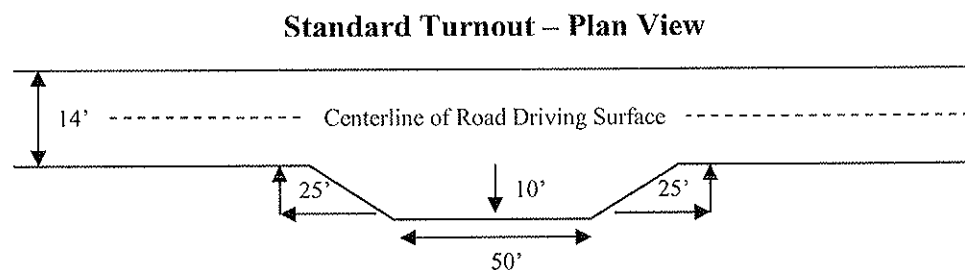
Crowning shall be done on the access road driving surface. The road crown shall have a grade of approximately 2% (i.e., a 1" crown on a 14' wide road). The road shall conform to Figure 1; cross section and plans for typical road construction.

Ditching

Ditching shall be required on both sides of the road.

Turnouts

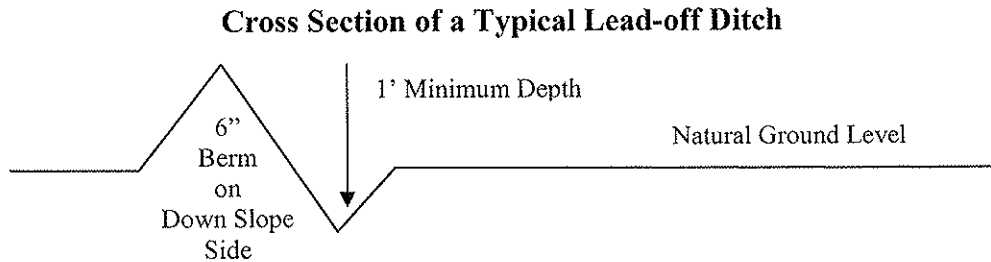
Vehicle turnouts shall be constructed on the road. Turnouts shall be intervisible with interval spacing distance less than 1000 feet. Turnouts shall be constructed on all blind curves. Turnouts shall conform to the following diagram:



Drainage

Drainage control systems shall be constructed on the entire length of road (e.g. ditches, sidehill outsloping and insloping, lead-off ditches, culvert installation, and low water crossings).

A typical lead-off ditch has a minimum depth of 1 foot below and a berm of 6 inches above natural ground level. The berm shall be on the down-slope side of the lead-off ditch.



All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval are variable for lead-off ditches and shall be determined according to the formula for spacing intervals of lead-off ditches, but may be amended depending upon existing soil types and centerline road slope (in %);

Formula for Spacing Interval of Lead-off Ditches

Example - On a 4% road slope that is 400 feet long, the water flow shall drain water into a lead-off ditch. Spacing interval shall be determined by the following formula:

$$400 \text{ foot road with } 4\% \text{ road slope: } \frac{400'}{4\%} + 100' = 200' \text{ lead-off ditch interval}$$

Culvert Installations

Appropriately sized culvert(s) shall be installed at the deep waterway channel flow crossing.

Cattleguards

An appropriately sized cattleguard(s) sufficient to carry out the project shall be installed and maintained at fence crossing(s).

Any existing cattleguard(s) on the access road shall be repaired or replaced if they are damaged or have deteriorated beyond practical use. The operator shall be responsible for the condition of the existing cattleguard(s) that are in place and are utilized during lease operations.

A gate shall be constructed and fastened securely to H-braces.

Fence Requirement

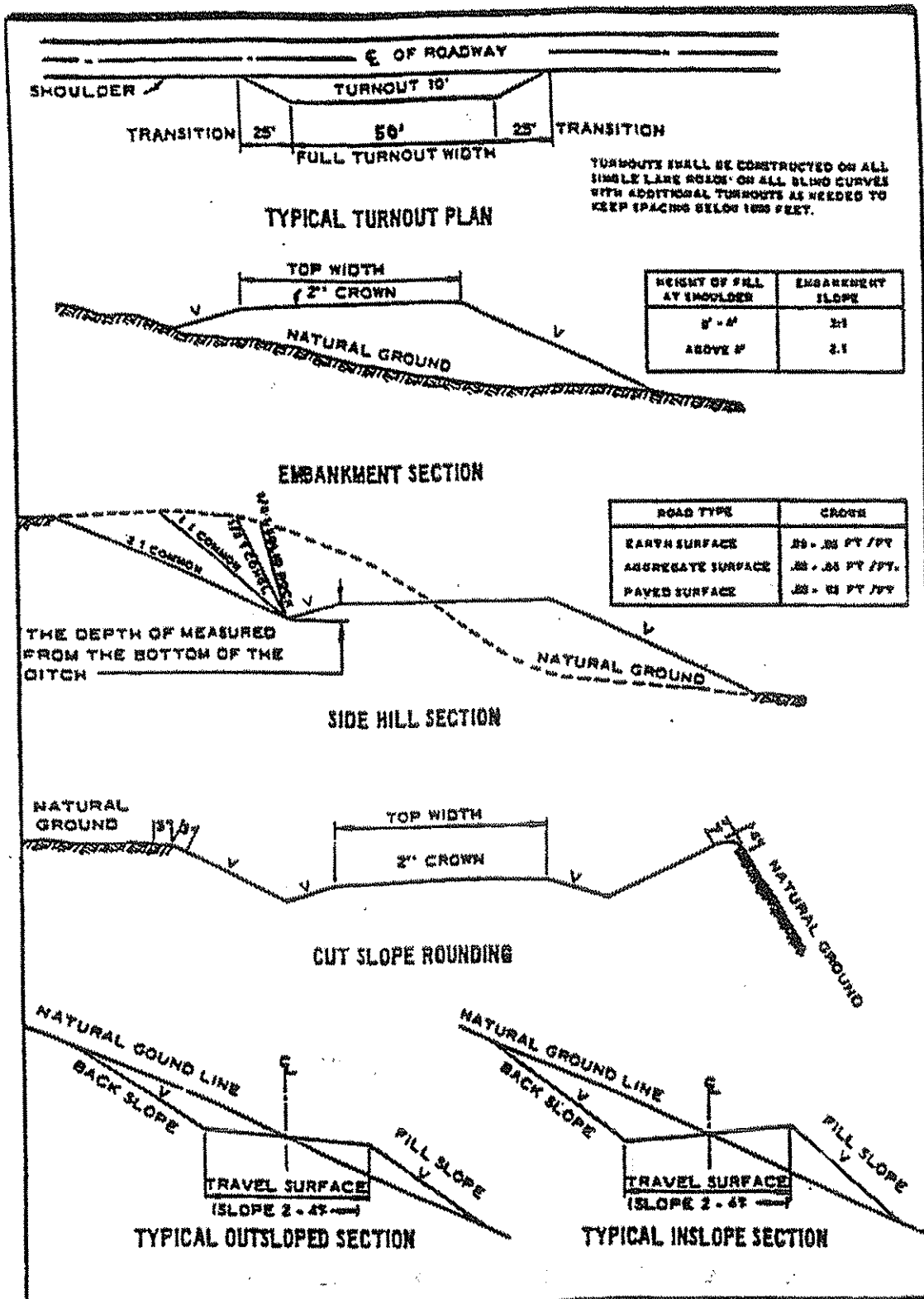
Where entry is required across a fence line, the fence shall be braced and tied off on both sides of the passageway prior to cutting.

The operator shall notify the private surface landowner or the grazing allotment holder prior to crossing any fence(s).

Public Access

Public access on this road shall not be restricted by the operator without specific written approval granted by the Authorized Officer.

Figure 1 – Cross Sections and Plans For Typical Road Sections



VII. DRILLING

A. DRILLING OPERATIONS REQUIREMENTS

The BLM is to be notified a minimum of 4 hours in advance for a representative to witness:

- a. Spudding well
- b. Setting and/or Cementing of all casing strings
- c. BOPE tests

☐ **Chaves and Roosevelt Counties**

Call the Roswell Field Office, 2909 West Second St., Roswell NM 88201.
During office hours call (505) 627-0272.
After office hours call (505) 200-7902.

☐ **Eddy County**

Call the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220,
(505) 361-2822

☐ **Lea County**

Call the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240,
(505) 393-3612

1. A Hydrogen Sulfide (H₂S) Drilling Plan should be activated 500 feet prior to drilling into the formation.
2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.
3. When floor controls are required, (3M or Greater) controls will be on the rig floor, unobstructed, readily accessible to the driller and will be operational at all times during drilling and/or completion activities. Rig floor is defined as the area immediately around the rotary table; the area immediately above the substructure on which the draw works are located, this does not include the dog house or stairway area.
4. Gamma-Ray/Neutron logs shall be run from the base of the Salado formation to the surface. The logs shall be run at a speed which allows the logs to be legible and no faster than manufactures of the logging tools recommended speed. (R-111-P area only)

B. CASING

1. The inch surface casing shall be set at feet and cemented to the surface.

- a. If cement does not circulate to the surface, the appropriate BLM office shall be notified and a temperature survey utilizing an electronic type temperature survey with a surface log readout will be used or a cement bond log shall be run to verify the top of the cement.
 - b. Wait on cement (WOC) time for a primary cement job will be a minimum 18 hours for a water basin, 24 hours in the potash area, or 500 pounds compressive strength, whichever is greater. (This is to include the lead cement).
 - c. Wait on cement (WOC) time for a remedial job will be a minimum of 4 hours after bringing cement to surface or 500 pounds compressive strength, whichever is greater.
 - d. If cement falls back, remedial action will be done prior to drilling out that string.
2. The minimum required fill of cement behind the inch intermediate casing is:

☐ Cement to surface. If cement does not circulate see B.1.a-d above.

☐ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.
3. The minimum required fill of cement behind the inch production casing is:

☐ Cement to surface. If cement does not circulate, contact the appropriate BLM office.

☐ Cement should tie-back at least 200 feet into previous casing string. Operator shall provide method of verification.

☐ Top of cement to reach at least 500 feet above the top of the uppermost hydrocarbon productive interval.
4. If hardband drill pipe is rotated inside casing, returns will be monitored for metal. If metal is found in samples, drill pipe will be pulled and rubber protectors which have a larger diameter than the tool joints of the drill pipe will be installed prior to continuing drilling operations.
5. Whenever a casing string is cemented in the R-111-P potash area, the NMOC requirements shall be followed.

C. PRESSURE CONTROL

1. All blowout preventer (BOP) and related equipment (BOPE) shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2 and API RP 53 Sec. 17.
2. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the surface casing shoe shall be 2000 (2M) psi.
3. Minimum working pressure of the blowout preventer (BOP) and related equipment (BOPE) required for drilling below the intermediate casing shoe shall be 2000 (2M) psi.
4. The appropriate BLM office shall be notified a minimum of 4 hours in advance for a representative to witness the tests.
 - a. The tests shall be done by an independent service company.
 - b. The results of the test shall be reported to the appropriate BLM office.
 - c. All tests are required to be recorded on a calibrated test chart. A copy of the BOP/BOPE test chart and a copy of independent service company test will be submitted to the appropriate BLM office.
 - d. The BOP/BOPE test shall include a low pressure test from 250 to 300 psi. The test will be held for a minimum of 10 minutes if test is done with a test plug and 30 minutes without a test plug.
 - e. BOP/BOPE must be tested by an independent service company within 500 feet of the top of the formation. This test does not exclude the test prior to drilling out the casing shoe as per Onshore Order No. 2.
 - f. A variance to test the surface casing and BOP/BOPE to the reduced pressure of psi with the rig pumps is approved.

D. DRILLING MUD

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the formation, and shall be used until production casing is run and cemented.

E. DRILL STEM TEST

If drill stem tests are performed, Onshore Order 2.III.D shall be followed.

ACS/ (date)

VIII. PRODUCTION (POST DRILLING)

A. WELL STRUCTURES & FACILITIES

Placement of Production Facilities

Production facilities should be placed on the well pad to allow for maximum interim recontouring and revegetation of the well location.

Containment Structures

The containment structure shall be constructed to hold the capacity of the entire contents of the largest tank, plus 24 hour production, unless more stringent protective requirements are deemed necessary by the Authorized Officer.

Painting Requirement

All above-ground structures including meter housing that are not subject to safety requirements shall be painted a flat non-reflective paint color
Shale Green, Munsell Soil Color Chart # 5Y 4/2

IX. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

Operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

Seed Mixture 1, for Loamy Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (small/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed* per acre:

<u>Species</u>	<u>lb/acre</u>
Plains lovegrass (<i>Eragrostis intermedia</i>)	0.5
Sand dropseed (<i>Sporobolus cryptandrus</i>)	1.0
Sideoats grama (<i>Bouteloua curtipendula</i>)	5.0

*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed

X. FINAL ABANDONMENT & REHABILITATION REQUIREMENTS

Upon abandonment of the well and/or when the access road is no longer in service the Authorized Officer shall issue instructions and/or orders for surface reclamation and restoration of all disturbed areas.

On private surface/federal mineral estate land the reclamation procedures on the road and well pad shall be accomplished in accordance with the private surface land owner agreement.

OFFICIAL FILE COPY



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 E. Greene St.
Carlsbad, NM 88220-6292



In reply refer to
3162.4
NM120362

12/2/2008

XTO Energy Inc
Attn: Ann Ritchie
200 Loraine Ste 800
Midland, TX 79701

RE: 1-WACKY VAC 25 FEDERAL, LEASE NM120362
1510FSL 1980FWL, SEC.25, 16, 34, LEA, NM

Your Application for Permit to Drill (APD), for the referenced well, was received on 11/24/2008.
The APD has been reviewed pursuant to part III.B.2 of Oil and Gas Onshore Order No.1 and is found to be:

- ☐ Complete
- ☒ Incomplete in the following area(s)
- ☐ Form 3160-3
 - ☐ Survey Plat
 - ☒ Drilling Plan (BOPE, Casing Program, etc.)
 - ☐ Surface Use Plan
 - ☐ Bonding
 - ☐ Operator Certification Statement
 - ☐ Onsite Not Performed
 - ☐ Original Signature
 - ☐ Other

*Rec'd 12/09/08
2nd Q1 to WOI.
CR*

Comments: 1) Casing must indicate new or used. 2) Specify hydrocarbon bearing formations. 3) Provide BOP, testing procedures, choke manifold, etc. 4) Provide well logging details. 5) Provide expected bottom hole pressure. 6) Specify hazards such as H2S or other possible hazards. 7) Provide emergency contact phone numbers.

Please submit original and (3) copies of each of the above noted deficiencies. If you would like to know whether the Archaeological Survey Report has been filed with the BLM, call the cultural staff at (575) 234-5972. You will be notified if additional information is needed during the processing of your APD.

If you have any questions, please contact Cheryle Ryan at (575) 234-5949.

Sincerely,

Cheryle Ryan
for Don Peterson
Assistant Field Manager, Minerals



Sorina_Flores@xtoenergy.com

12/09/2008 09:54 AM

To Cheryle_Ryan@nm.blm.gov, ann.wtor@gmail.com

cc

bcc

Subject Wacky Vac 25 Federal #1

Cheryle... attached please find the information needed to complete the APD per your letter sent on 12/2/2008. Thank you!

Sorina Flores
Drilling Tech
XTO Energy Inc.
200 N. Loraine St., Ste. 800
Midland, TX 79701
(432) 682-8873
(432) 620-6749 - direct line
(432) 620-4307 - fax



sorina_flores@xtoenergy.com H2S Contingency Plan.pdf Wacky Vac 25 Fed 1 Revised Drilling Plan.pdf



**Cheryle M
Ryan/CFO/NM/BLM/DOI**
02/26/2009 09:42 AM

To Ann.wtor@gmail.com
cc
bcc
Subject Deficient APD - Wacky Vac 25 Fed # 1

Hello, Ann

Will you check on the subject APD?

We had requested information which Sorina provided but it was either incorrect or not as requested. We notified her again on 12/11/09 but still do not have the right information. Below is what was requested.

1. Operator supplied casing design factors, not safety factors.
2. Choke manifold does not meet BLM requirements for 5M - no remotely operated yoke.
3. All hydrocarbon bearing zones should be noted, not just target formations.
4. Prognosis indicates 2 stage for inter., but only one stage is shown.
5. Provide data to support BHP of 2,500 psi - mud weight calculates to 7345 psi.

This APD was received on 11/24/09 and the deficiency letter was mailed on 12/02/08. The APD is now well past the 45 days of allowable deficiency. If we have not received all of the information as requested on 12/2/08 within those 45 days, my instructions are to return the APD to the operator. The application fee will not be returned.

The requested information must be received in this office by 3/6/09 or the APD will be returned.

Thank you for your prompt attention.

Cheryle Ryan
BLM/NM/CFO
620 East Greene Street
Carlsbad, NM 88220
(575) 234-5949



Sorina_Flores@xtoenergy.com

02/27/2009 08:23 AM

To Ann Ritchie <ann.wtor@gmail.com>

cc cheryle_ryan@nm.blm.gov

bcc

Subject Re: Fwd: Deficient APD - Wacky Vac 25 Fed # 1

Sorry cheryle ... I was waiting to see if this well was still going to be drilled... because of the economy... so many wells have been put off until next year... let me talk to the geologist and see if they are still interested in drilling the Wacky Vac and the EMSU ... if they are totally out .. i'll let you know so you can get them off of your desk!... But after attending the seminar yestarday... I think we should go ahead w/the permit and if we need to extend the permit later.. we can do that. I'll start working on what you need.... and let you know hopefully by Monday.

Thanks!

Sorina Flores
Drilling Tech
XTO Energy Inc.
200 N. Loraine St., Ste. 800
Midland, TX 79701
(432) 682-8873
(432) 620-6749 - direct line
(432) 620-4307 - fax
sorina_flores@xtoenergy.com

Ann Ritchie <ann.wtor@gmail.com>

02/26/2009 11:07 AM

To Sorina_Flores@xtoenergy.com

cc

Subject Fwd: Deficient APD - Wacky Vac 25 Fed # 1

Sorina - please see below questions about the Wacy Vac 25 Fed #1. Looks like mostly engineering stuff....

Thank you,

Ann

----- Forwarded message -----

From: <Cheryle_Ryan@nm.blm.gov>

Date: Thu, Feb 26, 2009 at 10:42 AM

Subject: Deficient APD - Wacky Vac 25 Fed # 1

To: Ann.wtor@gmail.com

Hello, Ann

Will you check on the subject APD?

We had requested information which Sorina provided but it was either incorrect or not as requested. We notified her again on 12/11/09 but still do not have the right information. Below is what was requested.

1. Operator supplied casing design factors, not safety factors.
2. Choke manifold does not meet BLM requirements for 5M - no remotely operated yoke.
3. All hydrocarbon bearing zones should be noted, not just target formations.
4. Prognosis indicates 2 stage for inter., but only one stage is shown.
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This APD was received on 11/24/09 and the deficiency letter was mailed on 12/02/08. The APD is now well past the 45 days of allowable deficiency. If we have not received all of the information as requested on 12/2/08 within those 45 days, my instructions are to return the APD to the operator. The application fee will not be returned. The requested information must be received in this office by 3/6/09 or the APD will be returned.

Thank you for your prompt attention.

Cheryle Ryan
BLM/NM/CFO
620 East Greene Street
Carlsbad, NM 88220
(575) 234-5949

--

West Texas Oil Reports
P.O. Box 953

Midland, TX 79702

432 684-6381

432 682-1458-fax



Sorina_Flores@xtoenergy.com

12/02/2008 10:03 AM

To Cheryle_Ryan@nm.blm.gov, jeff_raines@xtoenergy.com,
don_eubank@xtoenergy.com

cc

bcc

Subject Private Surface Owner Agreement for Wacky Vac 25 Federal
#1

Cheryle.. attached is the Private Surf. Owner Agreement for the Wacky



Vac... original will be sent via Fedex today. Thank you! 120208.pdf

Betty Hill/CFO/NM/BLM/DOI
12/04/2008 12:50 PM

To Sorina_Flores@xtoenergy.com
cc
bcc Wesley W Ingram/CFO/NM/BLM/DOI@BLM
Subject Wackky Vac 25 Fed #1

Hi Sorina,

Thank you for sending the Private Surface Owner Agreement for this application for permit to drill.

However, we also need you to revise the Surface ownership statement on page two of the Surface Use Plan to read that the surface is owned by the Eidson Ranch Trust,, C/O Arzell Sellers, PO Box 1286, Lovington, NM 88260. And if you have a phone number we need that also. You can just send the revised page to me E-Mail.

If you have any questions, please send me an E-Mail or call at 575-234-5937.

Thanks

Betty

Betty Hill
Legal Instruments Examiner
Carlsbad Field Office
620 E. Greene Street
Carlsbad, NM 88220
Betty_Hill@nm.blm.gov
505-234-5937
505-885-9264 FAX



Sorina_Flores@xtoenergy.com
12/04/2008 02:04 PM

To: betty_hill@nm.blm.gov, ann.wtor@gmail.com
cc
bcc

Subject: Wacky Vac 25 Federal #1 Revised Surface Use Plan

Betty ... attached please find the revised surface use plan showing Eidson Ranch as surface owner..
Thank you!!

Sorina Flores
Drilling Tech
XTO Energy Inc.
200 N. Loraine St., Ste. 800
Midland, TX 79701
(432) 682-8873
(432) 620-6749 - direct line
(432) 620-4307 - fax



sorina_flores@xtoenergy.com Wacky Vac 25 Fed 1 Revised Surface Use Plan.pdf

**BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) SERIAL REGISTER PAGE**

Run Date/Time: 11/25/08 10:19 AM

Page 1 of 1

01 12-22-1987;101STAT1330;30USC181 ET SEQ
Case Type 312021: O&G LSE COMP PD -1987
Commodity 459: OIL & GAS L
Case Disposition: AUTHORIZED

Total Acres
320.000

Serial Number
NMNM-- - 120362

Serial Number: NMNM-- - 120362

Name & Address	Int Rel	%Interest
J BAR CANE INC PO BOX 16 STANLEY NM 87056	LESSEE	100.000000000

Serial Number: NMNM-- - 120362

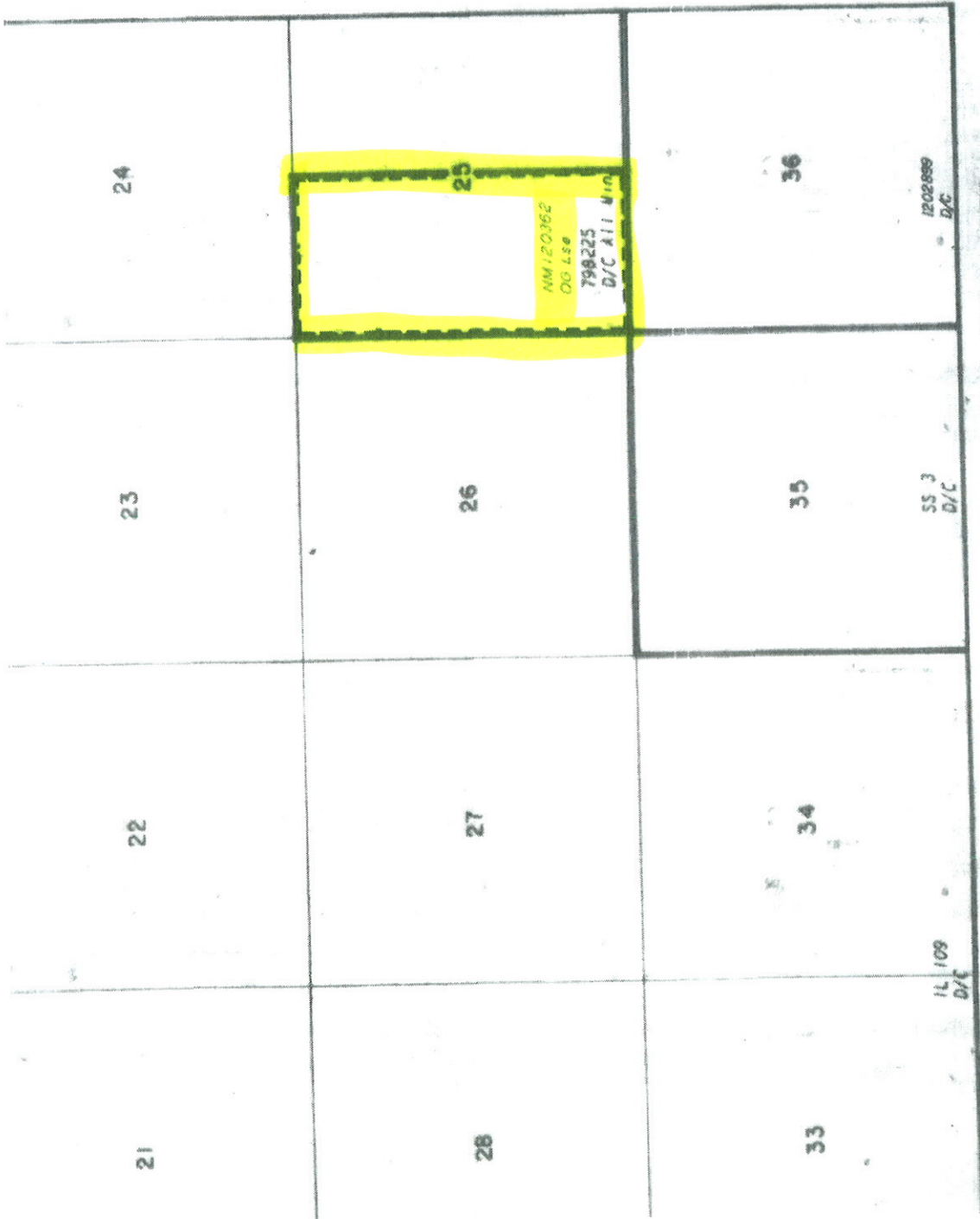
Mer Twp Rng	Sec	SType	Nr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
23	0160S	0340E	025	ALIQ W2;	CARLSBAD FO	LEA	BUREAU OF LAND MGMT

Serial Number: NMNM-- - 120362

Act Date	Code	Action	Action Remarks	Pending Office
02/28/2008	387	CASE ESTABLISHED	200804021;	
04/01/2008	299	PROTEST FILED	/1/ NMDGF	
04/01/2008	299	PROTEST FILED	/2/ W ENVR LAW CTR	
04/01/2008	299	PROTEST FILED	/3/WILDEARTH GUARDIAN	
04/16/2008	191	SALE HELD		
04/16/2008	267	BID RECEIVED	\$240000.00;	
07/11/2008	298	PROTEST DISMISSED	/2/	
07/11/2008	298	PROTEST DISMISSED	/3/	
07/15/2008	237	LEASE ISSUED		
07/15/2008	298	PROTEST DISMISSED	/1/	
07/15/2008	974	AUTOMATED RECORD VERIF	MJD	
08/01/2008	496	FUND CODE	05;145003	
08/01/2008	530	RLTY RATE - 12 1/2%		
08/01/2008	868	EFFECTIVE DATE		
07/31/2018	763	EXPIRES		

Serial Number: NMNM-- - 120362

Line Nr	Remarks
02	STIPULATIONS ATTACHED TO LEASE:
03	NM-11-LN SPECIAL CULTURAL RESOURCE
04	SENM-S-19 PLAYAS AND ALKALI LAKES
05	SENM-S-22 PRAIRIE CHICKENS



WARNING STATEMENT

This plat is the Bureau's Record of Title, and should be used only as a graphic display of the township survey data. Records hereon do not reflect title changes which may have been effected by lateral movements of rivers or other bodies of water.

SCALE

Lat. 32° 52' N
Long. 103° 25' W

001316297

XTO ENERGY INC.

FORT WORTH, TEXAS 76102-6298

817-885-2195

0000038

DESCRIPTION	INVOICE DATE	INVOICE NUMBER	INVOICE AMOUNT
PERMIT FEE:WACKY VAC 25 FED #1	11/11/08	REQ 081111SF-1	4000.00

VENDOR NUMBER 0022850 VENDOR NAME BUREAU OF LAND MANAGEMENT CHECK NO. 6648488 CHECK TOTAL 4000.00

REMITTANCE ADVICE PLEASE DETACH STUB BEFORE DEPOSITING CHECK

THE FACE OF THIS DOCUMENT IS A SECURITY FEATURE OF THE BACKGROUND PAPER.



XTO ENERGY INC.

810 Houston St. - Fort Worth, Texas 76102-6298

JPMorgan Chase, N.A.

Columbus, OH
56-1544/441

CHECK DATE	CHECK NO.
11/17/08	6648488

PAY FOUR THOUSAND DOLLARS AND ZERO CENTS

AMOUNT
\$4,000.00

TO THE
ORDER OF

BUREAU OF LAND MANAGEMENT

620 E GREENE
CARLSBAD, NM 88220-6292

VOID AFTER 90 DAYS
VENDOR

Paul A. Sigs
AUTHORIZED SIGNATURE

AUTHORIZED SIGNATURE

XTO ENERGY INC.

817-885-2195

0000038

VENDOR NUMBER	0022850	VENDOR NAME	BUREAU OF LAND MANAGEMENT	CHECK NO.	6648488	CHECK TOTAL	4000.00
---------------	---------	-------------	---------------------------	-----------	---------	-------------	---------

REMITTANCE ADVICE PLEASE DETACH STUB BEFORE DEPOSITING CHECK

**United States Department of the Interior
Bureau of Land Management**

CARLSBAD FIELD OFFICE
620 E. GREENE
CARLSBAD, NM 88220 -6292
Phone: (575) 234-5972

Receipt

No: 1824842

Transaction #: 1883822

Date of Transaction: 11/25/2008

CUSTOMER: XTO ENERGY
200 N LORAIN ST
MIDLAND, TX 79701-4758 US

LINE #	QTY	DESCRIPTION	REMARKS	UNIT PRICE	TOTAL
1	1.00	OIL & GAS / APPLICATION FOR PERMIT TO DRILL (APD) / APD FEE	WACKY VAC 25 FEDE3RAL WELL #1	4000.00	4000.00
TOTAL:				\$4,000.00	

PAYMENT INFORMATION

1	AMOUNT:	4000.00	POSTMARKED:	11/21/2008
	TYPE:	CHECK	RECEIVED:	11/25/2008
	CHECK NO:	6648488		
	NAME:	XTO ENERGY INC 200 N LORAIN ST MIDLAND TX 79701-4758 US		

REMARKS

This receipt was generated by the automated BLM Collections and Billing System and is a paper representation of a portion of the official electronic record contained therein.

BUREAU OF LAND MANAGEMENT

BOND ABSTRACT

BLM BOND NO: UTB000138

DOCUMENT ID: 104312750

CASE TYPE: 310431 O&G BOND PUB DOMAIN LAND

DISPOSITION: ACCEPTED

NAME AND ADDRESS OF BOND PARTIES

B20010094 BONDED PRINCIPAL
XTO ENERGY INC
810 HOUSTON ST STE 2000
FORT WORTH TX 761026298

B20060217 BONDED COPRINCIPAL
XTO RESOURCES I LP
810 HOUSTON ST
FORT WORTH TX 76102

B86057960 BONDED COPRINCIPAL
MUELLER THOMAS C
PO BOX 3738
FORT SMITH AR 72913

NAME AND ADDRESS OF SURETY PARTIES

S19970001001 SURETY
TRAVELERS CASUALTY AND SURETY
COMPANY OF AMERICA
ONE TOWER SQUARE
HARTFORD CT 061836014

SERIAL NUMBER(s):

UTU 039223, UTU 076040, UTU 078043, UTU 0003505, UTU 0003576

BOND AREA: NATIONWIDE
TYPE OF LAND: FEDERAL-PUBLIC
BOND TYPE: SURETY

STATES COVERED:
BOND AMOUNT:\$388,100

BONDED ACTIVITY/PURPOSE

GENERAL LSE/DRILLING

COMMODITY(IES)

OIL & GAS L

ACTION CODE	ACTION DATE	ACTION TAKEN	ACTION REMARKS	PENDING
468	08/19/2004	BOND FILED	6/88 EDITION (3000)-A	UT92213
469	08/19/2004	BOND ACCEPTED	EFFECTIVE 07/13/2004	UT92213
478	08/19/2004	RIDER FILED		
479	08/19/2004	RIDER ACCEPTED	EFFECTIVE 07/13/2004	UT92213
478	04/22/2005	RIDER FILED		
479	04/22/2005	RIDER ACCEPTED	/A/ EFF 04/22/2005	
478	11/14/2005	RIDER FILED		
479	11/21/2005	RIDER ACCEPTED	/B/ EFF 11/14/05;	
478	06/26/2006	RIDER FILED		
479	06/27/2006	RIDER ACCEPTED	/C/ EFF 06/26/2006	
479	10/18/2006	RIDER ACCEPTED	/D/ EFF 05/04/2006	
478	10/22/2007	RIDER FILED		
479	10/22/2007	RIDER ACCEPTED	/E/	

GENERAL REMARKS

UNITED STATES DEPT OF INTERIOR
BUREAU OF LAND MANAGEMENT
BOND ABSTRACT

Run Date: 02/08/08

Page 2 of 2

LINE # REMARK

001 /A/ RIDER FILED ADDING \$55,000 ADDITIONAL BOND COVERAGE ON
002 4 WELL LOCATIONS LOCATED W/IN MANTI-LASAL NATIONAL FOREST
003 /B/ RIDER FILED ADDING XTO RESOURCES I, L.P. AS CO-PRINCIPAL
004 /C/ RIDER INCREASES BOND AMOUNT FROM \$205,000 TO \$305,000
005 \$100,000 SET ASIDE FOR A NON-COMPLIANCE VIOLATION ON THE
006 DAVY CROCKETT #2 WELL
007 /D/ RIDER INCREASES BOND AMOUNT FROM \$305,000 TO \$388,100
008 \$83,100 SET ASIDE TO COVER WATER IMPOUNDMENT FACILITIES AS
009 AS FOLLOWS:
010 HARTZOG DRAW FEDERAL CBM 1 VAN VORHES \$9,200.00
011 HARTZOG DRAW FEDERAL CBM 1 SCOTT CREEK 9,300.00
012 HARTZOG DRAW FEDERAL CBM 1 JAY 10,600.00
013 HARTZOG DRAW FEDERAL CBM 1 JORDAN #5 12,500.00
014 HARTZOG DRAW FEDERAL CBM 1 NORTH 9,500.00
015 HARTZOG DRAW FEDERAL CBM 1 JORDAN #9 24,700.00
016 HARTZOG DRAW FEDERAL CBM2 BONNS 7,300.00
17 /E/ RIDER INCREASES BOND AMOUNT FOR \$448,330 TO 1,184,600 (\$696,300) TO
18 PROVIDE BOND COVERAGE FOR 3 FS WELLS (SKYLINE 1-6, 8-7, 14-28)

Drilling Plan APD Deficiency Review Checklist

Operator: XTO
 Well Name/Number: Wacky Vac 25 Fed #1
 Location: Sec 25 T16S R34E
 Lease Number: NM 170362
 Agreement Name (If Applicable): _____

	YES	NO
Estimated Tops of Important Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Estimated Depths of Anticipated Water, Oil, Gas, or Other Important Minerals.....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If Identified Above, Plan for Protection	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Minimum Specifications for Pressure Control	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BOPE Schematic Diagram.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BOPE Testing Procedures and Frequency.....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Proposed Casing Program; Including Size, Grade, Weight, Type, Setting Depth, & New vs. Used..... <u>H.L.E. S.E.</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Amount & Type of Cement, Including Additives.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Type & Amount of Logging, Coring, Testing.....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Type & Characteristics of Mud System; Quantities, Weighting Material, & Monitoring Equipment.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Expected BHP..... <u>9</u>	<input type="checkbox"/>	<input type="checkbox"/>
Abnormal Pressures Or Hazards.....	<input type="checkbox"/>	<input type="checkbox"/>
Other Facts/Supplementary Information.....	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS/NEEDED INFORMATION:

SIGNATURE: Jerry Be. Jant

DATE: 12/02/08

1. Please specify if casing is new or used. ✓
2. Please specify hydrocarbon bearing formations. ✓
3. Please provide BOP, testing procedures, choke manifold etc. ✓
4. Please provide well logging details. ✓
5. Please provide expected bottom hole pressure. ✓
6. Please specify hazards, such as H₂S or other possible hazards. ✓
7. Please provide emergency contact numbers. ✓



Sorina_Flores@xtoenergy.com

12/09/2008 10:06 AM

To Cheryle_Ryan@nm.blm.gov

cc

bcc

Subject Wacky Vac

Cheryle.. please replace one of the previous sent pages with this one the working pressure and test pressure was incorrect on the first one... thanks!

Sorina Flores
Drilling Tech
XTO Energy Inc.
200 N. Loraine St., Ste. 800
Midland, TX 79701
(432) 682-8873
(432) 620-6749 - direct line
(432) 620-4307 - fax



2ND ENGINEERING QUICK LOOK

E, Drilling deficiency received: _____

☒ Drilling still deficient

Date: 12/10/08 Initials: *[Signature]*

4. Prognosis indicates
2 stage for interval
but only one stage
shown.

5. Provide data to
support BHP
of 2500 psi -
mud weight calculates
to 7345 psi.

Terry has not
done Geo.

1. Operator supplied casing
design factors not safety
factors.

2. Choke manifold does
not meet BLM requirements
for 5M - no remotely
operated choke.

3. All hydrocarbon bearing
zones should be noted,
not just target formation.

Stage 2: Lead: 400 sacks of Premium Lite + 0.5% Halad-9 + 8% salt + .125 pps
Poly E flake + 0.2% HR-7
(mixed at 12.4 ppg, 2.21 ft³/sk, 12.43 gal wtr/sk) Cmt top – 3800'
Compr Strength - 12 hr – 73 psi 24 hr 208 psi

Tail: 100 sacks of Premium + 0.3% Halad-3
(mixed at 15.6 ppg, 1.19 ft³/sk, 5.37 gal wtr/sk). Cmt top – 7500' Compr
Strength - 12 hr – 1059 psi 24 hr 1704 psi

- a. Wash pumps and Displace the cement with clean fresh water
- b. SWI and RD cementers.

11. Set the slips, NU wellhead, jet pits, and Release Rig.

Additional Information

WELLHEAD (Wood Group Pressure Control):

- a. Starting Head: 13-5/8" 3M X 13-3/8" SOW bottom (to be removed upon running 9-5/8" csg)
- b. Casing Hanger: 11" 5M X 9-5/8" SOW with pack off
- c. Tubing Head: 11" 5M X 7-1/16" 10M

PRESSURE CONTROL EQUIPMENT

BOP: CASE III

Type: Hydril Working Pressure: 2500 Test Pressure: 2500 Manufacture: Schaeffer
Type: Double Ram Working Pressure: ~~5000~~ Test Pressure: ~~5000~~ Manufacture: Schaeffer

TESTING, LOGGING & CORING

- a. Mud logger: Suttles Mud Logging @ 3000'. Catch 10' samples from 4800' to 13,100' (TD). Send 1 set of dry samples to Midland Sample Library
- b. At TD, circulate and condition the hole for logs. TOOH with bit, and log well w/ Halliburton as per procedure. Have the logging engineer notify Ralph Nelson when loggers arrive. Leave one set of Field Prints at XTO's field Production office.
- c. GR/Cal/CNT/SPED/DLL/BHC Sonic logs from TD to intermediate casing point. GR/NPHI pulled to surface. FMI depth determined by geologist.



Sorina_Flores@xtoenergy.com

12/09/2008 09:54 AM

To Cheryle_Ryan@nm.blm.gov, ann.wtor@gmail.com

cc

bcc

Subject Wacky Vac 25 Federal #1

Cheryle... attached please find the information needed to complete the APD per your letter sent on 12/2/2008. Thank you!

Sorina Flores
Drilling Tech
XTO Energy Inc.
200 N. Loraine St., Ste. 800
Midland, TX 79701
(432) 682-8873
(432) 620-6749 - direct line
(432) 620-4307 - fax



sorina_flores@xtoenergy.com H2S Contingency Plan.pdf Wacky Vac 25 Fed 1 Revised Drilling Plan.pdf

ADJUDICATION CHECKLIST FOR APPLICATION FOR PERMIT TO DRILL (APD)

3162.4
SEC. 25-16-34 NM120362
1-WACKY VAC 25 FED XTO ENERGY INC
SHL: 1510FSL 1980FWL

APD Log Tracking Number ATS-09- 135

Verify Dates

☒ Notice of Staking Received Date: 11-24-08 30 Day NOS posting ends:

12-24-08

☒ NOS entered in ATS ☒ NOS entered in AFMSS.

☒ \$4000 APD application fee received ☒ Front Page Posted in Reception Book

☒ Distribution stamps on front page of all APDs

☒ APD Date stamped on back of APD (form 3160.3)

☒ APD received date: 11-24-08 (Circle one) HC or EC 30 Day APD posting ends:

12-24-08

☒ EC Stamped on front of APD if received EC?

☒ Put NOS date received on front of APD under heading.

Verify Location with Wall Maps:

☒ Well Location (7 1/2 Minute Map) - Find 1/4-1/4

☒ SHL Aliq. NESW Lot #: _____

☒ BHL Aliq. _____ Lot #: _____

☒ CFO District Map: Use to determine surface owner (or surface management entity)

☒ BLM

☒ Fee Private Surface Owner Agreement received ☐ Yes ☐ No

☒ State Split Estate stamped on front of CFO copy, I & E copy, and OCD copy

☒ Bureau of Reclamation (Contact is Gary L. Davis, P.E. at (505) 462-3641)

☒ BOR letter sent via e-mail to Gary Davis GDavis@uc.usbr.gov APD copy mailed date: _____

☒ Noted as deficiency in 10 day letter

☒ Stipulations received. Received date: _____ Enter as a remark in AFMSS

☒ Potash Map ☒ Not Potash (or) Potash Type ☐ R111 ☐ Secretary's

☒ APD distribution pages stamped with potash type

☒ In WIPP area? ☒ WIPP letter sent date: _____ (Export to APD-FY Folder. Enter remark in AFMSS).

☒ Letter sent via e-mail to: Susan.McCauslin@wipp.ws (Contact is Ms. Miriam Whatley at WIPP)

☒ Miriam.whatley@wipp.ws Fax (575) 234-6003 (575-234-7349, P. O. Box 3090, Carlsbad, NM 88220).

☒ Noted as WIPP on front page and as deficiency in 10 day letter.

☒ Cave Karst Map ☐ High ☐ Medium ☒ Low

☒ Plan of Development -Wildlife

☒ POD Form not needed.

☐ POD Form needed. Zone: _____ (Not a deficiency, but mention it in 10 day letter).

Abstract:

☒ Search in LR2000, verify, and print 2 copies of Lease Abstract. Attach one copy to CFO copy, one to I & E copy.

☒ Is operator a lessee or have operating rights? ☐ Yes ☒ No

☒ Production Status: ☐ Held by Production Effective Date: _____

☒ Check MTPs, Panel maps to verify lease numbers. Print map and highlight lease area. Keep with CFO copy.

☒ Surface Hole Location (SHL) Lease #: NM 120362

☐ Bottom Hole Location (BHL): Lease #: _____ (If BHL Lease # different, copy MTP for file).

Adjudication:

☒ Bond Number UTB000138 (See bond list). Bond Type: ☐ Individual ☐ Statewide ☒ Nationwide

☒ Acreage dedicated to well shown on APD front page & on Plat page

☒ APD is: ☒ New, ☐ Re-submittal, ☐ Re-entry. Check out old file folder from file room, route to Permitting Staff)

☒ APD (Form 3160-3) front page filled out completely. ☒ Signed by Operator (or representative).

NESW - K
fee/federal
NO Potash
NO POD
Low-CK

Read
12/02/08
PSOA
needed.

WELL-SITE EVALUATION FIELD FORM

Company Name X16 Well Name Wacky Vac Galt #1

Location: Section 75, T. 16 S., R. 34 E., Footage 1510.5 @ 1980 W

Examined by TBB Date 12-23-08

Description and Topography: (cuts, fills, etc.) level

Soils: (reseeding strips, etc.) pred land

Hydrogeology: (wells, springs, streams, plant indicators, windmills, etc.)

playa 300 SE

Wildlife: (habitat, etc.) SA, CL, mammals, raptors, reptiles

Caliche Location: X

Cave Area: X

Other: (VRM, plant habitat, WSA, archaeology, livestock conflicts, etc.)

grasses, chia

hard pad & facilities

Evaluation: V-door S, pit east

Notice of Staking

(Not to be used in place of Application for Permit to Drill Form 3160-3)

1. Oil Well _____ Gas Well <u>X</u> Other (Specify) _____	
2. Name, Address, and Telephone of Operator <u>(432) 682-8873</u> <u>XTO Energy Inc; 200 N. Lorraine St., Ste 800; Midland TX 79701</u>	
3. Name and Telephone of Specific Contact Person <u>Sorina L. Flores 432-620-6749</u>	
4. Surface Location of Well Attach: (a) Sketch showing road entry onto pad, pad dimensions, and reserve pit (b) Topographical or other acceptable map showing location, access road, and lease boundaries	
4a. A map (e.g., a USGS 7-1/2" Quadrangle) of the area including the proposed well location and access road	
5. Lease Number <u>NMNM 120362</u>	11. Section, Township, Range, Meridian; or Block and Survey; or Area <u>UL: R; Sec. 25; T16S; R34E</u>
6. If Indian, Allottee or Tribe Name	12. County, Parish, or Borough <u>Lea County, NM</u>
7. Unit Agreement Name	13. State <u>NM</u>
8. Well Name and Number <u>Wacky Vac 25 Federal #1</u>	14. Name and Depth of Formation Objective(s) <u>Morrow, 13000'</u>
9. American Petroleum Institute Well Number (if available)	15. Estimated Well Depth <u>13,300'</u>
10. Field Name or Wildcat <u>Vacuum; Atoka; Morrow, N.</u>	16. For directional or horizontal wells, anticipated bottom hole location, if known
17. Additional Information (as appropriate; include surface owner's name, address and, if known, telephone).	

18. Signed [Signature] Title Drilling Tech Date 11/11/08

Note: When the Bureau of Land Management or Forest Service, as appropriate, receives this Notice, the agency will schedule the date of the onsite inspection. You must stake the location and flag the access road before the onsite inspection. Operators should consider the following before the onsite inspection and incorporate these considerations into the Notice of Staking Option, as appropriate:

- (a) H₂S Potential
- (b) Cultural Resources (Archeology)
- (c) Federal Right-of-Way or Special Use Permit

Instructions for Preparing the Notice of Staking (NOS)

General:

This provides notice to the Bureau of Land Management (BLM) that staking has been or will be completed for well locations on Federal or Indian leases and serves as a request to schedule an onsite inspection. The original and one copy of this notice, together with a map and sketch, should be submitted to the appropriate BLM office.

Any item not completed may be justification for not promptly scheduling the onsite inspection.

Specific Considerations:

Items included herein should be reviewed and evaluated thoroughly prior to the onsite. These items affect placement of location, road, and facilities. Failure to be prepared with complete, accurate information at the onsite may necessitate later re-evaluation of the site and an additional onsite inspection.

- a. H₂S Potential: Prevailing winds, escape routes, and placement of living quarters must be considered.
- b. Cultural Resources: Archeological surveys, if required, should be done prior to, during, or immediately following the onsite. Changes in location due to subsequent archeological findings may require an additional onsite. Contact the involved surface management agency for detailed, site-specific requirements.
- c. Federal Right-of-Way or Special Use Permit: Access roads outside the leasehold boundary, which cross Federal lands, will require a right-of-way grant or special use permit and should be discussed with the BLM or other involved surface management agencies at the time of filing the Notice of Staking.

Supplemental Checklist:

The following items, if applicable, should be submitted with or prior to the Application For Permit to Drill (APD) to ensure timely approval of the application. Contact the BLM regarding specific requirements relating to each item.

- Bonding
- Designation of Operator
- Report of Cultural Resources/Archeology
- H₂S Contingency Plan
- Status of Plan of Development and Designation of Agent for wells in Federal units
- Federal Right-of-Way (BLM) or Special Use Permit (Forest Service)

Timetable:

A future date for onsite inspection will be scheduled by the BLM within 10 days after receipt of this notice. Surface protection and rehabilitation requirements will be made known to the operator by the BLM during the onsite or no later than 7 days from the date of inspection, barring unusual circumstances. These requirements are to be incorporated into the complete APD. However, this does not exclude the possibility of additional conditions of approval being imposed.